The NATIONAL UNDERWRITER

Published weekly at 175 W. Jackson Blvd., Chicago 4, Illinois. Second class postage paid at Chicago.

30¢ a copy
$7.50 a Year

October 13, 1961
65th Year, No. 41

The National Weekly Newspaper of Fire and Casualty Insurance

Inter-Regional To Vote On Becoming A Rating Bureau

Would Enable More Service; Action Follows Notice By Several Of Intent To Resign

NEW YORK—The executive committee of Inter-Regional Insurance Conference has recommended to member companies that the present qualification solely under the advisory section of the rating laws be enlarged, and that the conference obtain a license as a rating organization in each state where present laws permit. The action followed the filing with IRIC of notice of intent to resign by several companies, including some of the larger ones.

The recommendation, however, was adopted by the executive committee only after a thorough study of the operations and advisory services of the conference. This study was prompted by the desire to serve more effectively the companies and the rating organizations which have utilized IRIC's facilities as a source of recommendations on the various phases of property insurance lines.

Will Vote Dec. 13

IRIC indicated that the proposed change in the constitution, if approved by member companies at a meeting called for Dec. 13 at the Plaza Hotel, New York, will enhance the value of the cooperative services of the conference to national and local rating organizations. It will also serve to permit constructive participation in the development and research work of IRIC by member and subscriber companies. It is believed that this broader degree of participation that can be contemplated under a rating organization license will benefit companies, producers, and cooperating rating organizations.

In considering this step, IRIC stated, it is seeking in every way to assist in maintaining the effectiveness and responsiveness of local rating organizations serving the property insurance

(CONTINUED ON PAGE 27)

Cleveland Auto Club Ties Up With Kemper Group

Cleveland Auto Club has started its own insurance agency, Cleveland Automobile Club Insurance Agency, offering a full range of auto coverages. Francis D. Neumann will be operating head of the company, which will be agent for American Motorists of the Kemper group. Until recently Mr. Neuman was assistant vice-president of Millers Mutual of Alton, Ill., another Kemper insurer. The new agency will service the 125,000 members of the AAA and its branches in the area.

Casualty Agents Seek Accord With Insurers On Approach To No Prior Approval Problem

By JOHN N. COSGROVE

WHITE SULPHUR SPRINGS—In a surprising development, National Assn. of Casualty & Surety Agents voted here to charge its incoming administration with the task of working toward an agreement on no prior approval laws with companies and other interests.

This was the highlight of the joint meeting with National Assn. of Casualty & Surety Executives.

The company group named Guy E. Mann, Aetna Casualty, president to succeed James M. Crawford, North America. Other officers are William E. Pullen, U.S.F.&G., vice-president, and Harold G. Evans, American Casualty, chairman of the executive committee.

The agents' new president is Travis D. Bailey, San Antonio, who succeeds Guy T. Warfield Jr., Baltimore. Edwin P. Simon, Chicago, is vice-president. Chase Ridgely, Baltimore, and C. F. J. Harrington were renamed secretary-treasurer and executive vice-president, respectively.

The agents' action in directing the new officers to explore no prior approval agreement was a compromise. At a long and intense agents' session, a motion was made to express formal support of file and use laws.

This was subsequently tabled after the agents were reminded of the position of National Assn. of Insurance Commissioners with regard to no prior approval.

Mr. Warfield called for a showing of hands of those favoring file and use. An overwhelming majority responded. The charge to the incoming administration followed.

A Joint Session

On the day preceding these events, Mr. Crawford and Mr. Warfield gave a masterly display in conducting a joint-session on the prior approval question. Unlike the Washington meeting last June, this meeting was open to press representatives. Their muzzles were removed but they were told not to bark.

Mr. Crawford admonished the press that no quotations were to be directly attributed to any participant.

The views expressed represented every shade of company and agent opinion, as well as the arguments of their respective associations. While some of the company expressions had a familiar ring—they were called a rehash by some—their impact was considerable, judging by the agents' subsequent action.

In the preliminary discussions, the subject of commissions recurred as the agents' chief fear. Company men declared that the subject was not really involved in the debate over prior approval against file and use. Commission action could be taken under either law.

One agent summed the whole matter up at an evening social affair. He

(CONTINUED ON PAGE 8)

Hellgren Reelected Head Of Insurance Economics Society

J. E. Hellgren, 2nd vice-president of Lumbermens Mutual Casualty, was reelected president of Insurance Economics Society at the annual meeting, held at the Edgewater Beach Hotel, Chicago.

Other officers elected are W. deV. Washburn, president of American Health, 1st vice-president; J. W. Scherr Jr., chairman of Inter-Ocean, 2nd vice-president; H. O. Fishback Jr., vice-president Northern Life of Seattle, secretary; executive committee members (three year terms), Barry Oakes, president Republic National Life, E. J. Faulkner, president Woodmen Accident & Life, Ralph D. Jones, executive representative Continental Casualty, W. Sheffield Owen, vice-president Life of Georgia, and R. A. McCord, executive vice-president Illinois Mutual Life & Casualty.

"The society," said Mr. Hellgren in his presidential address, "has made a creditable record when we witness plans of compulsory cash sickness compensation operating in only four states and not one plan of this kind enacted in any state since 1949." He said, however, that changes over the years in the California law are obviously intended to drive all this business into the state fund, and California will soon have a state monopoly like Rhode Island's.

Acting Superintendent Mullins of Ohio has revoked the agency licenses of Mark Kroll, Agency Corp. of America and Wilmark Insurance Agency (both the latter of Cincinnati and both 100% owned by Mr. Kroll), effective Oct. 10, as the result of extensive hearings which showed violations of Ohio insurance laws.

Big Turnout For Mutual Insurers' Annual Meet In N.Y.

Bennett New President With Jones Next In Line; Speakers Give Hard Facts

NEW YORK—More than 1,200 delegates and wives attended the annual meeting here of National Assn. of Mutual Insurance Companies. Inclement weather for the first several days of the meeting kept the conventioneers indoors and assured representative audiences at the various sessions where realistic views on the future of the business were expressed.

Ralph H. Bennett

Ralph H. Bennett, secretary-manager of Ventura County Mutual Fire, Ventura, Cal., was named president to succeed W. T. James Jr., secretary Northern Neck Mutual of Irvington, Va. Lester T. Jones, president Allied Mutual, Des Moines, was named president-elect, and Don Montgomery, executive vice-president and secretary Celina Mutual, became vice-president.

Speakers at the convention gave equal attention to present and future problems and opportunities. At a session of the farm, fire and wind conference, J. Ira Laird Jr., Laird-Hagee, Harrisburg, Pa., conducted a two and one-half hour clinic, featuring motion pictures and slides.

He said that insurance companies face three possible deaths: Economic, living and physical. Economic demise occurs when premiums or assets go downhill. If a company receives a

(CONTINUED ON PAGE 45)

Winners of the 1961 National Youth Fire Safety Project sponsored by National Assn. of Mutual Insurance Companies at the latter's annual meeting in New York receiving congratulations from C. Warren Silsby, secretary Farmers Mutual of Orleans & Niagara Counties, N. Y. At left is Gene Watson of Tipton, Ind., who was sponsored by Farmers Mutual of Mulberry, Ind. He was second place winner in the 1960 national competition and has won for the past four years. Linda Rust, sponsored by Indiana Farmers Mutual, Indianapolis, took top honors in the girl's competition in her first year of participation. The awards, based on constructive fire safety efforts, included a check for $100 and an all-expense-paid trip to New York to attend the NAMIC convention and to see the sights.

Basic Premise Of Marketing Is Profit From Fundamental Business

By JOHN N. COSGROVE

Based on a talk at the midyear meeting of American Mutual Alliance in New York.

Marketing has long been a byword in most lines of business but it is a a new word in insurance. A decade ago it was never used in the business. Five years ago it began to gain currency. Now it is on virtually everyone's lips, whether they know its real meaning or not.

Looking at today's insurance scene and analyzing convention speeches, one gets the uneasy feeling that some who glibly discuss insurance marketing may be overlooking its basic purpose. That purpose is to purvey the product at a profit realized from the fundamental activity of the business: Insurance underwriting. How far insurers are from attaining this goal may be judged by reference to the figures chalked up by many companies in the first six months of this year.

Some companies with an over-all profit, realized it from investments. Not many took gains from the marketing of insurance, the business for which they are licensed and in which the preponderance of their greatest skills should be brought to bear.

Not True Marketing

But regardless of past results, in an era of accelerating competition, it is important to keep the basic purpose of insurance marketing in mind. The investment function sometimes beclouds the paramount importance of attention to profit from underwriting. This statement will provoke a wistful smile from some insurance executives, a charge from others that it is naive, and from still others the response will be polite but unrestrained laughter. Nevertheless, profit from underwriting is the goal of insurance marketing. If this is not attained, the procedure that is dignified by the term of marketing simply becomes a method of assuring a constant flow of funds for investment to produce a profit that will offset the lack of success in the primary business of underwriting.

This situation is not encountered in most other lines of business where there is a simpler over-all procedure. First of all, a tangible product is usually involved, pricing is easier, and tabs can be constantly kept on the profitability of the entire process. In short, no "futures" are involved as is the case in fire and casualty insurance.

On the premise, then, that profit from the fundamental business of insurance is the purpose of all marketing, it may be well to take a look at the great flurry of activity in insurance marketing and to consider whether or not some in the business have lost sight of the ideal of basic profit and have found it necessary to compromise in the interest of over-all gain.

Former Alignment

Let us go back 10 years when the word "marketing" was an unknown term in the business, and look at the process of getting the product in the hands of customers. In those days, the entire sales procedure was compartmented, with executives in each sector of the traditional company jealously guarding their prerogatives, real or fancied.

In those companies, mutual or stock, which dealt through independent agents there was a traditional department with an agency vice-president in charge. Agency superintendents, branch managers and field men re-

(CONTINUED ON PAGE 39)

Mich. Surety Goes Into Custodianship

LANSING—Michigan Surety has been formally placed under a new departmental custodianship. Commissioner Frank Blackford was designated the official custodian in an order signed by Judge Louis Coash of Ingham County Circuit court. The jurist was acting in conformity with a supreme court opinion two weeks ago reversing his year-old decision which had returned the company to operation of its officers after a period under a custodianship which Commissioner Blackford had argued should have become a liquidating receivership.

The commissioner reinstated Donald W. Fritz, the department's deputy chief examiner, as the active custodian, a position he held during the earlier custodianship.

Mark Kroll, who gained control of the company some five years ago and who has been accused repeatedly by supervisory officials of depleting its assets by transfers of acceptable holdings to other corporations in his complex of some 11 affiliated firms, conferred with Mr. Blackford. Kroll, who had been president after acquiring the company, was removed from office when the company was first placed under an operating committee in 1959.

First move of the department, the commissioner indicated, will be a reevaluation of the assets and liabilities. He said the company will be required to return all its records to Lansing. Some have been maintained in Cincinnati. The commissioner indicated efforts will be made to maintain business as usual, at least for the present. Under the court order rehabilitation will continue to be the first objective, with two other alternatives, sale or liquidation.

Celina Mutual Holds Open House

Celina Mmutual held an open house at Grand Rapids recently. Forty guests toured the redecorated premises and visited Walter De Hoog, manager, and Harold Buck, assistant manager. Home office executives present were C. M. Montgomery, president; D. W. Montgomery, executive vice-president; C. H. Cox, vice-president in charge of claims; H. A. Mielke, vice-president in charge of underwriting, and Robert F. Steinke, sales manager.

Fire Loss In 1960 Passed $.1.5 Billion Mark First Time

Destructive fires set a new record of $1.544 billion in 1960, according to National Fire Protection Assn. This is the first time in history that U. S. fire losses have reached the $1.5 billion mark. This was $100 million more than in 1959. The 11,350 persons killed by fire—more than half of them in their own homes—also set a record.

Principal causes of the 2,124,000 fires were careless smoking, defective heating and cooking equipment, electrical defects, and mishandled flammable liquids. This was 9,500 more fires than in 1959.

Fire destroyed or damaged more American dwellings than ever before, 563,000, and more than 6,000 lost their lives in these fires, half of them children. Losses to homeowners mounted to $346,200,000. Comparable figures for the previous year were losses of $312,000,000 in 542,000 fires.

$1 Million Per Day

In 1960, the cost of home fires averaged 17 lives, 1,540 houses, and almost $1 million in money per day. Major factors in fire deaths in homes were inadequate escape arrangements and failure to be prepared for fire emergencies. One-third of the child victims were alone and unattended when fire struck.

Almost half the dollar increase came from the $48 million fire of last December aboard the nearly-completed U.S.S. Constellation at Brooklyn Navy Yard. Residential building fires accounted for nearly $25 million of the increase, industrial plant damage rose about $14.6 million, and the loss from forest fires rose nearly $12.9 million.

While losses in public schools declined somewhat, damages in colleges and other educational buildings rose sharply. The number of retail store fires was reduced, but the dollar loss increased. Fire damage to aircraft declined, while motor vehicle fires rose in number and cost.

Improved records were compiled by churches, hospitals and other institutions, office buildings and banks, and warehouses and other storage facilities.

There were 890,200 fires in buildings of all types which were responsible for almost $1,140,000,000 in losses, nearly 75% of the year's total. Non-building fires—principally aircraft, motor vehicles, forest, ship, rubbish and grass fires—numbered 1,233,660 and caused losses of $404,500,000.

Marsh & McLennan Acquires Two Philadelphia Agencies

Two Philadelphia agencies, Platt, Yungman & Co., and Stokes, Packard & Smith, have become a part of Marsh & McLennan. The two agencies date from 1890 and 1899, respectively.

George Reath and John J. Maguire, of Platt, Yungman & Co., and George R. Packard and Frederick R. Drayton, of Stokes, Packard & Smith, have been named vice-presidents of Marsh & McLennan. Mr. Reath will serve as manager of the combined operation. Personnel will continue in their present positions and the two offices will continue to operate from their present quarters.

American-Pacific Group Issues First In Package Series

The research and business development department of American Surety-Pacific National is engaged in an extensive program of developing a series of new policies, according to Henry G. Sheehy, president. In recognition of a constantly growing market the companies are employing modern research and survey methods in evolving packages.

The first one, the Paramount policy, has just been released. It is a special low cost automobile policy featuring a safe driver rating plan and optional billing. The six month contract is renewable by payment of premium. It is illustrated in booklet form and can be completed and issued at the time of sale. Promotion plans for the policy include its introduction to agents in an unusual mailing, plus a full page ad in trade publications. A complete sales kit will be available to the agents, including policies.

Hartford Fire Has Open House In New Chicago Building

A well-attended reception Friday afternoon on the seventh floor climaxed a week-long open house at Hartford Fire's elegant new western department office building on "Insurance Row" in Chicago. About 1,500 Hartford agents were guests during the week at the 20-story building, which was officially opened last April.

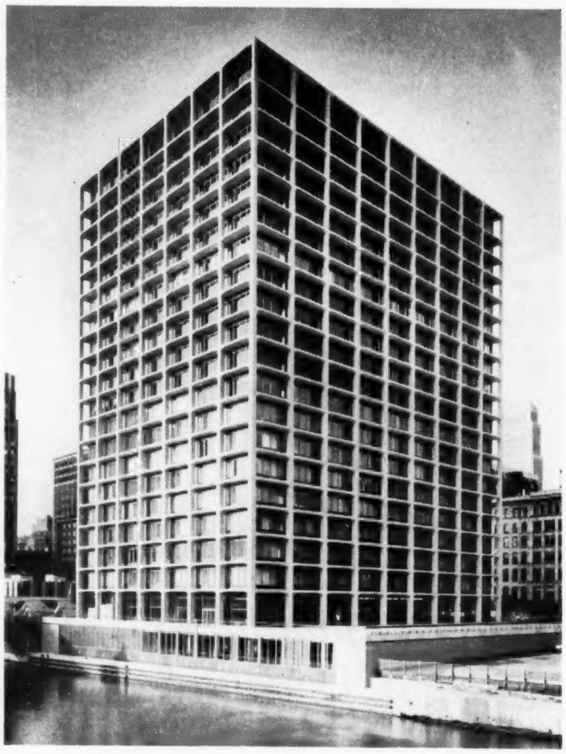
Part Of Two-Week Program

The open house is part of a two-week program observing the 90th anniversary of the Chicago fire. Coincidentally, Hartford Fire is also celebrating its 100th year in Chicago. Among company executives taking part in the festivities were Roland H. Lange, assistant to the president; William H. Moloney and Harold Rutherford, co-managers of the western department, and Brice Draper, vice-president and secretary.

The Chicago and midwestern setup of Hartford Fire is one of its largest autonomous departments, with 6,500 agents in Illinois, Michigan, Kansas, Missouri and parts of Indiana and Wisconsin. The building houses a staff of 1,500.

A feature of the open house was a dramatic exhibit in the building's glass and marble lobby of pictures taken at the Chicago fire. Originally mounted for stereopticon slides, they had been enlarged with modern facilities to photograph proportions. The exhibit, with several photographs not previously shown publicly, will be open to everyone after Oct. 13.

New Building On Chicago's Insurance Row



A "first" in office building construction in this country, the Hartford building, located at Monroe Street and Wacker Drive, is made of reinforced concrete with an exterior canopy effect, shielding fixed tinted plate glass windows. Exterior columns are of gray granite with a landscaped esplanade and plaza. A six-page illustrated feature story on the Hartford Building appears in the current issue of the Architectural Record. Hartford Fire has been a member of the Chicago business community for more than a century. The company's western department was established in 1852 at Columbus, O., and several years later was moved to Chicago.

The Hartford Fire building takes its place with such other new buildings as those of Mutual Trust Life, America Fore Loyalty, Prudential, and United. Hartford Fire's new quarters were constructed by George A. Fuller Co., Chicago contractors.

In one of the attractive executive offices in Hartford Fire's new midwestern department headquarters are, from left, M. M. Knowles, assistant manager Hartford Accident; William C. Carrier, general attorney Hartford Fire; William H. Rutherford and William H. Moloney, general managers midwestern department; William H. Birkemeier, assistant manager Hartford Fire; Roy W. Booth, vice-president George A. Fuller Co., Chicago contractors who constructed the building, and William Grinton, assistant manager Hartford Accident.

—

The New York chapter of **Society of Fire Protection Engineers** at the Oct. 24 luncheon meeting will hear Hyman Lacks, fire prevention engineer of the New York naval shipyard and head of the fire extinguishment and de-icing section of the material laboratory.

O. Agents Reelect Three Officers

Trustees of Ohio Assn. of Insurance Agents have reelected John W. Hemphill, Painesville, state national director for 1962; Dwight H. Rutherford, Athens, treasurer, and Douglas N. Avery, Columbus, executive secretary.

Nominees for president and vice-president will be voted upon at the annual meeting in Columbus, Oct. 22-24.

North America Board On Puerto Rico Tour

Directors of North America and Life of North America visited Puerto Rico this week to inspect operations on the island. John A. Diemand, chairman and chief executive officer, was host at a number of receptions and business meetings in San Juan and at other locations. Attending were insurance agents and brokers and leadders in business, government and financial affairs.

North America began operations in Puerto Rico in 1956. The company now employs 55 persons there, the majority being natives, and 60 independent agents represent the company and its life affiliate.

In addition to 10 board members making the trip, others in the party were Edmund L. Zalinski, executive vice-president Life of North America, and the following North America officers: John A. Diemand Jr., vice-president international department; C. B. Wentworth, vice-president investments; Louis O. Thames, secretary international department, and J. Kenton Eisenbrey, secretary-treasurer.

OL&T Rates Zoom In N. Y.

National Bureau has increased OL&T rates in New York territory 19.7% and in the balance of the state 32.2% for an average statewide increase of 28%.

Elevator interlock and contact discounts for elevator insurance have been eliminated. As a result, BI rates have been adjusted to reflect this change, which was introduced recently in all other states. In addition, elevator BI rates have been increased 5% in the New York City territory.

Mutual Insurance Rating Bureau has promulgated similar changes.

Four California Towns Now Know Practical Side Of Fire Prevention Week

Town inspections were conducted in four California cities this week as field insurance groups, local agents, fire departments and civic organizations joined forces in practical observance of national Fire Prevention Week. Cities inspected were Dinuba, Rollands, Oreville and Redwood City.

Inspections were made only with the owner's consent, and each unsafe condition found was marked with the tag. After the inspection, teams made suggestions to the building's owner about how to eliminate each of the hazards.

In each instance, town inspections are sponsored by the local agents' association, the local chamber of commerce and the regional insurance field men's association. Members of the latter group actually make the inspections. Inspectors customarily visit most of the structures in the business area of a community.

Va. Filing Disapproved

Virginia corporation commission has disapproved a filing by Virginia Insurance Rating Bureau asking for approval of substantial rate increases on farm and country dwellings, a new farm rating plan, lightning rod credits, and farm rating survey-application forms. The commission referred the matter to the insurance department for an investigation and report.

The commission also found the mandatory $50 lightning deductible for electrical equipment unreasonable and unjust and disapproved it.

Mo. WC Rates To Go Down 1.8% Nov. 1

JEFFERSON CITY — Workmen's compensation insurance rates in Missouri will be decreased an average of 1.8% Nov. 1 despite the increased benefits provided by changes in the state's WC act that are going into effect Oct. 13. Superintendent C. Lawrence Leggett gave approval to changes in rates as filed by National Council on Compensation Insurance last month. A public hearing on the proposal was held Sept. 27.

By industry group the average decrease from the present rates, indicated by experience are: Manufacturing, 2.1%; contracting, 3.8%; and all others, 0.4%. On the basis of experience alone rates should have been reduced as follows. Manufacturing, 5.31%; contracting, 7.0%, and all others, 3.7%. However, the new law will increase costs an average of 3.4%.

National Board has elected Eureka of Madison and Industrial Underwriters of Dallas to membership.

Stress Government Relations At Meet Of Mutuals In N. Y.

Improvement of relationships with government may become as important a factor in the future success of the insurance business as performance in the market place, and this will involve some changes in insurance attitudes, Paul S. Wise, associate general manager of American Mutual Insurance Alliance, told that organization's mid-year meeting at the Hotel Statler Hilton in New York. The affair was held in connection with the annual meeting of National Assn. of Mutual Insurance Companies.

In appraising present insurance-government relations, Mr. Wise pointed out that they fall into three classifications: Government as a customer of the private insurance business, as a competitor and as a regulator. Government as a competitor probably gives most cause for current concern, he contended, with extension of the social security system as the most disturbing example. In this regard, the business does not seem to be doing as well as it has in competing with such government devices as state funds for workmen's compensation.

Dangerous Avenue

At present, social security overlaps WC and other forms of insurance providing coverage for disability, Mr. Wise said. It can be assumed that advocates of this system ultimately want to sweep into its scope all disabilities, no matter how incurred, and along with it medical coverage, for disability cannot be controlled without controlling its medical aspects. This avenue may be an even quicker road to socialized medicine than health care for the aged.

The impact of this move upon WC already is being felt. Legislation has been introduced in some states providing that to the extent social security furnishes coverage for disability, the system operating under the state WC act will not do so. Thus the states are abandoning this area to the federal government.

WC and health insurance are not the only coverages involved, Mr. Wise continued. New and stronger moves now are being made to discredit the liability system, and to establish a direct insurance or "no fault" type of coverage in the automobile field. As pressure mounts for a "socialized" solution to this problem, it is possible that social security may be urged as the answer. One can conceive of a solution whereby all risks to the life or health of the individual will be borne by the social security.

Thus, there is an area where the business is not making progress in improving relationships with government. This may well be the most vital area in which the future of private insurance will be decided, Mr. Wise declared.

He said the most important of insurance-government relationships is that between the business and state and congressional legislators. They make the rules under which other regulators, such as the executive and judicial branches, operate. They authorize and define the mechanisms through which government competes with the insurance business. They have much to say about what role government will play as a customer of the business, or about the controls government can exercise over relationships between insurance and non-governmental policyholders.

In this regard, political considerations are of great importance, since insurance must deal with elected officials who are eager to be reelected, and who must therefore satisfy to some extent the most vocal and better organized groups within their constituencies. Such groups may be potent within their own areas, more potent than any insurance company or group of companies and their representatives.

To the extent that legislation calls for rear-guard action, the insurance business is not losing ground, but the prospect for the future seems far from favorable to Mr. Wise. There are signs of the growing dependence of individuals upon pressure groups to gain their ends, and that such groups are growing more powerful. Organized labor is one group which always has concerned itself with insurance legislative matters, and often as an insurance business adversary.

Other Threats

There are masses of individuals who are not organized into formal pressure groups, but whose numbers are such that any competent political practitioner can see the advantage to himself of acting as their spokesman in the legislative halls. "Senior citizens" make up one such element, and their weight will be felt increasingly in such areas as health care. Motorists, who find it difficult to secure or retain automobile insurance at the price they feel they should pay, comprise another group.

As the largest single user of the courts, the insurance business is being criticized for its responsibility in large part for the problems of congestion and delay there. While providing a prompt and efficient method for litigating claims of persons forced to seek redress in the courts is the responsibility of government, the insurance business has an obligation to work closely with government to see that necessary steps are taken to revitalize judicial procedure. Failure to fulfill this obligation can only result in setting aside many of the principles of law and justice, Mr. Wise said, and the adoption of some system whereby the adjudication of such disputes is taken completely from the courts.

Race Is Advanced By American Policyholders

Peter K. Race has been appointed underwriting manager of the casualty division of American Policyholders. He started his insurance career with Royal-Globe and joined American Policyholders two years ago.

Ariz. 1752 Club Elects

Arizona 1752 Club at its first anniversary meeting in Phoenix elected Hubert N. Hill, Millers Mutual of Texas, president; Thomas Brink, Farmers Home Mutual, vice-president; Frank Love, Pennsylvania Lumbermens Mutual, secretary, and Thomas Sluder, Grain Dealers Mutual, secretary.

Holbrook Joins Zurich At Chicago

Zurich has appointed Minot W. Holbrook Jr. supervising engineer at Chicago, where he had been with Ins. Co. of North America.

Reviews Trends Apt To Affect Alaskan Agents, Companies

Alaska Insurance Agents Assn. at a recent meeting heard Louis W. Niggeman, executive vice-president Fireman's Fund, describe how changing trends in the business and the introduction of electronic data processing were likely to influence Alaskan producers and companies.

He sketched in the background of competition from which the present 'revolution' had sprung. Stock companies, he pointed out, have never been free from competition. First there were the mutuals, independents and recriprocals, and more recently the multiple line companies. Then the direct writers came into the field to corner 60% of the auto market. Added to this 'competitive swirl' today are the mixture of life with fire and casualty and the acquiring or formation of life companies by fire and casualty groups.

Mr. Niggeman estimated that 170 life companies are affiliated with property casualty groups and that 21 of the 25 leading fire-casualty groups are operating in the life field. One stop or account selling has met with such public approval, he said, that present barriers will fall of their own weight.

Inflationary Trend

In addition to intra-business competition, insurers must also fight the inflationary trend which has existed since World War II. Mr. Niggeman believes that so far the fight has been waged ineptly with rating formulas and laws that have been long outdated, and which do not reflect the impact of inflation on the business. One need only observe the operating results of leading companies during the past few years to see how real the climbing loss costs and inadequate rates have been as a competitive element, he said.

Another competitive force is the attempt of national and state government 'to compete at the market place with the private industry of insurance.' While the government has defined its market for 'sales' in limited terms, Mr. Niggeman predicts that the desire to serve a few will see expansion. In recognition of increasing competition with other companies and with government, insurers have made several counter moves. These include:

—The merger or acquisition of another company, reflecting the determination to compete aggressively and grow through changes in organizational structure, new operating procedures and expanded lines.

—Withdrawal to a restricted, more confined market area, to effect economies of operation and improved profit margins by serving a local market.

—Total or partial withdrawal by some companies from boards and bureaus.

—Creation of independent and specialty companies within large company groups.

—Adoption of mass merchandising techniques.

Hard Core Force

Elimination of marginal agents and the creation of a 'hard core' representative force.

—Introduction of market research and development units to explore consumer buying behavior.

—Capital expenditures for costly electronic equipment.

This flurry of activity has not been

(CONTINUED ON PAGE 24)

Seek No Prior Approval Rate Agreement

(CONTINUED FROM PAGE 1)

said agents don't like what companies are doing now, but at least they know what's happening to them. He does not wish to swap present known "evils" for something that might be worse under no prior approval.

The position of National Assn. of Insurance Agents was referred to at several junctures. The "grass roots" power of this organization was held up as a serious consideration in connection with its opposition to no prior approval. This factor—together with the political dilemma of commissioners—was cited as the most serious obstacle to agreement on rating laws.

Other arguments advanced for file and use laws were the need for bureau companies to be competitive, the threat of federal intervention, and the draining away of business to excess markets.

One company man stressed the importance of establishing adequacy of rates as the focal point in considering rating laws.

The agents' group indicated that it will make a statement at the hearing later this month in New York by Sen. Condon's legislative committee. So far as freedom of contract is concerned, the agents will reaffirm that controls should be exercised over wholesale reduction of commissions. At the same time, the agents will continue to oppose categorically specific reference to "commissions" in such bills.

Mr. Harrington is retiring from his post with the agents' group Jan. 1. but will continue as a consultant. The agents' will set up a New York administrative office. Bruce T. Wallace, executive secretary of National Assn. of Surety Bond Producers, will serve as manager of the agents' New York office.

The agents named as new directors Cliff C. Jones Jr., Kansas City; A. L. Minier, Lincoln, Neb.; James B. McKee, Nashville, and Merlin Ladd, Boston. New members of the executive committee are Jack Conklin Jr., Hackensack, N. J. and R. Lewis Patton, Charlotte, N. C.

James A. Cathcart, General Re, and Reese Hill, Crum & Forster, were named to the company group's executive committee.

Close to 500 were on hand for this meeting, which marked a transition from the pleasurable to the business-like, although the former was not neglected.

Also participating in the joint conference by invitation were National Assn. of Insurance Brokers and National Assn. of Surety Bond Producers.

The casualty company group is 50 years old this month, and the agent's unit is 48. Both celebrated their anniversaries with a highly productive meeting.

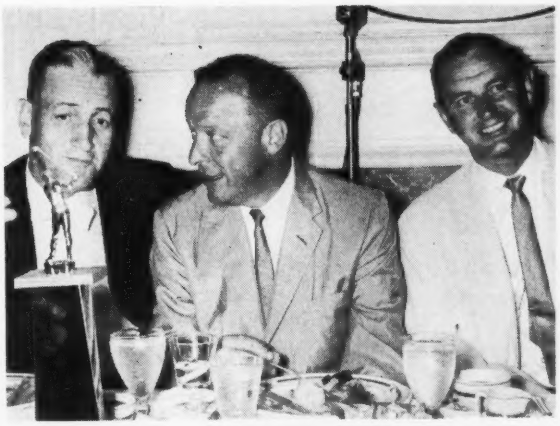
Nationwide Corp. To Sell Nw National Life

Nationwide Corp. has entered into an option agreement to sell its 52% interest in Northwestern National Life of Minneapolis to J. C. Bradford & Co., investment brokers of Nashville. The price was not disclosed, but Northwestern National stock has recently jumped from 125 to 150 bid, and Bradford & Co. probably will pay more than 150.

Nationwide paid as high as 105 for control stock of Northwestern National a few years ago. It was in contention at that time with a management group which was attempting to block the acquisition.

Rumor Old Line Life Control Is To Be Sold

There are strong rumors in the insurance stock market that Old Line Life of Milwaukee is to be sold. The controlling interest of E. C. Rhodes of Aberdeen, S. D., and Charles Sammons of Dallas reportedly will be sold to an unnamed buyer for 105 a share. The market for Old Line Life recently moved up to 100 bid.



Commissioner Frank Blackford of Michigan at the dinner that followed the annual golf outing of Detroit Assn. of Ins. Agents with John P. Hinkley, president of the Detroit Association, and John Collins, chairman of the golf committee.

Hesse, Forenza Named By General Accident

General Accident has named Theodore Hesse manager of the Brooklyn, N.Y., office to succeed George J. Hackett, who has retired after 50 years in the business. Arthur J. Forenza has joined the company as assistant manager at Brooklyn.

Mr. Hesse joined the company in 1947 as an underwriter in Brooklyn. He became chief underwriter and was later appointed assistant branch manager.

Mr. Hackett began his career with a general agency in Brooklyn and went with General Accident in 1919. He was named Brooklyn manager in 1925.

Mr. Forenza has been special agent of Pacific of New York in Connecticut.

Skandinavia Change

Jorgen Ravn-Hansen, chairman and president of Reinsurers Underwriting Corp., New York, manager of the U.S. branch of Skandinavia, has resigned. An arrangement has been made with stockholders of Christiania General of New York, under which its president, Arne Fougner, in addition to present duties, becomes chairman and president of Reinsurers Underwriting Corp. The offices of the Skandinavia branch and of Reinsurers Underwriting Corp. continue at 80 William Street, New York, where Mr. Fougner will be assisted by the management personnel of the U.S. branch.

Twinney Named At Omaha

Haight, Davis, Haight, consulting actuaries have appointed Marc M. Twinney a consultant at Omaha in pension and employe benefit planning. He had been with the Chicago consulting firm of Hewitt Associates.

Zurich Names Manager At New Boston Office

Zurich has transferred Gaylord E. Bruce as manager from New Haven to the newly established New England office at Boston. The office will supervise Maine, Vermont, New Hampshire and Massachusetts. It includes full claim engineering, boiler and machinery, group and payroll auditing services.

Gaylord E. Bruce

Mr. Bruce joined the company in 1954 as a sales representative in Connecticut. Before that he had been with Security of New Haven in Boston and Hartford and with Aetna Casualty in Boston and Albany.

Travelers Raises Two

Travelers has named John Montgomery 2nd vice-president in the casualty underwriting department and Hawley O. Judd assistant secretary in the marine division. Mr. Montgomery, a CPCU, has been with the company since 1938. After a year in Minneapolis in 1940 he returned to the home office as assistant marine underwriter. He became underwriter in 1947 and assistant secretary for the Pacific Coast department in 1951. In 1957 he was named casualty underwriting secretary. He is chairman of the management conference committee at Travelers and is a trustee of Brown University.

Mr. Judd joined Travelers in 1951 in the marine department and subsequently was named assistant underwriter, underwriter, and chief underwriter.

Culbertson In F.&D. Promotion At L. A.

Fidelity & Deposit has named H. Coe Culbertson co-manager of its Los Angeles branch—the company's largest production unit. Leonard D. Jenson is vice-president there.

Mr. Culbertson has been with F.&D. at Los Angeles since 1949. He was named assistant manager in 1953, and was advanced to associate manager and assistant secretary in 1959. He is president of Surety Underwriters Assn. of Southern California.

Five new regional directors of Society of CPCU were elected at the annual meeting of the organization in Washington, D. C. They are shown herewith: Harold S. Poole Jr., special agent of Hartford Fire, Syracuse, N. Y., northeast; Fred W. Lagerquist Jr., Atlanta local agent and president Kennesaw Life & Accident, southeast; Robb B. Kelley, vice-president Employers Mutual Casualty, north central; Bernard J. Weldon, vice-president Cook & Colver, Wichita, south central; and William E. Brady, vice-president of Van Camp agency, San Pedro, Cal., western.

Alfred H. Benjamin, manager of North America at Dallas, was named to fill an unexpired directorship in south central.

One feature of the meeting was a meeting of chapter officers to discuss local problems. Robert W. Swanson of Hermann C. Wolff Co., Indianapolis, and president of the Indiana chapter, moderated the program. Three women chapter officers attended—Mrs. Lola C. Ladd partner in the Piper, Stiles & Ladd agency, San Antonio, secretary of the Alamo chapter; Miss Frances M. Pommer, casualty underwriting manager of Wolreich & Anderson, New York, vice-president of the South Jersey chapter, and Miss Margaret Thompson, office manager of the Anderson, Fisher & Vaughn agency, Memphis, and vice-president of the chapter there.

The society now has 72 chapters, six new ones in the past year. This includes Hawaii, whose president, Tin-Yuke Char of the Continental agency, Honolulu, attended the council meeting.

Views Entry Of Fire Companies Into Life

The entrance of fire-casualty companies into the life field should "raise the water-level of usage," John Phelan, vice-president American States, Indianapolis, told members of that city's General Agents and Managers Assn. at a recent meeting. "After all, someone has to serve the 'small-fry' with life insurance," he declared. "Our market is the $15,000 a year income on down."

Mr. Phelan said that the fire-casu-

Royal-Globe Reiterates Plan For Those In Service

With the increase in the draft and the calling up of more reserve units, Royal-Globe has republished its policy with respect to service men and women. A permanent employe who is drafted, enlists, or is a member of a reserve unit called to duty gets military severance allowance and all reinstatement privileges provided by federal or state law.

Employes entering service for two or more years get their vacation for the current year and a severance allowance of two weeks pay if they have been with the group less than two years, four weeks salary if with the group two to four years, and eight weeks if there four years or more. Those entering service for a period expected to be less than two years and who have been with the group less than four years get a week's salary as severance pay, two weeks if with the group more than four years.

Also, departments or offices planning to send Christmas gifts to coworkers in service will get a contribution of $5 toward the purchase of the gift they choose. K. D. Biersack, secretary, is chairman of the servicemen's committee.

Draft UL Staff Members

The Department of Defense has ordered three staff members of Underwriters Laboratories of Chicago to report for a year's active duty with the 332D Logistical Command. R. D. Barton, assistant secretary, will be construction officer with the rank of major in the engineers; C. D. Ellsworth, associate managing engineer in the casualty and automotive department, is a deputy signal officer with the rank of lieutenant colonel in the signal corps and M. L. Ralph, purchasing agent is deputy director of the security section with the rank of major.

A. C. Reed Retires After 42 Years In Insurance

A. C. Reed, executive vice-president Preferred Fire of Topeka, has retired after 42 years in insurance, all in Kansas. He was honored by the officers and directors with a retirement dinner at Topeka.

A. C. Reed

Mr. Reed began his insurance career in Elkhart, Kan., in 1919 in a local agency with his brother. In 1924 he purchased an agency at Greensburg, Kan., and he owned it until 1940. He also served as city clerk of Greensburg and as an adjuster for the Rain & Hail Bureau during that time. In 1936, he joined Preferred Fire as special agent and adjuster in Kansas, going to the home office at Topeka as an underwriter in 1938. He joined the Miller-Studebaker general agency at Topeka in 1944 as a field man, but five years later returned to Preferred as executive vice-president in charge of operations.

Mr. Reed will continue his residence at Topeka.

IM Claims Men Meet

At its first fall meeting Inland Marine Claims Assn. of New York heard a panel discussion of the theory and procedure of subrogation. Participants were Bert Cotton of the law firm of Rein, Mound & Cotton, and Robert Kierman, superintendent of the recovery department of Atlantic Mutual.

President Lester Pike of W. J. Roberts & Co. announced that afternoon seminars will be held this year in addition to the regular meetings.

alty company going into life will "support the institution." "We have too much to lose in the way of clientele for our other lines to offer gimmick merchandise sold on a high-pressure basis. We must offer merchandise that competes with the best in the business and follow practices that are above reproach, or the agent through whom we sell won't touch our life line. He has no intention of jeopardizing his fire-casualty accounts for 'one lousy little life sale,' as he sees it."

Mr. Phelan declared that while the life company looks for a relatively small number of big producers, the fire-casualty company looks for a large number of small producers. Moreover, whereas the life company looks for salesmen. the majority of fire-casualty agents aren't salesmen and don't want to be. "They consider themselves retailers running an insurance store to which people come to buy if they want coverage."

He said that one cannot sell life without believing in it. Many men are highly successful selling fire-casualty insurance without "believing in it" in the same sense. "There is no great, human emotional problem when a building burns down. The fire-casualty man doesn't say, when a fire occurs, 'What a tragedy there was inadequate insurance.' His reaction is more likely to be, 'Thank God, we weren't on that one.' "

Loss Inevitable

In the life business an eventual loss is inevitable. In fire-casualty the insurer is not likely to admit the inevitability that the insured will have a fire, auto accident, or the like. All these differences in fundamental attitude are problems the fire-casualty company going into life must meet and solve, Mr. Phelan said.

Turning to the competitive aspects of fire-casualty companies in the life business, he pointed out that such companies tend to serve the smaller prospect and those in areas where it is not profitable to maintain a full-time life man. "There will be some competition between us," he admitted. "In general, when the insurable situation is complex, the life man will get the case; where it is simple, we're more likely to.

"We do not fear the life company entering the fire-casualty field," he said. Life is a fixed-rate business in which the primary problem is sales. Fire-casualty is an unbelievably complex business where the problem is far more rating and underwriting than sales."

Phoenix Of London Field Men Compete

Tax free cash prizes will be awarded in a two-month homeowners championship contest for Phoenix of London field men. In the contest which runs from Oct. 2 through Nov. 30, first prize will be $500, with four prizes of $125 and 20 of $25.

Points are based on each eligible new policy, regardless of amount of insurance. On all new homeowners B or forms 2 and 3, the field man will receive 10 points; on A and form 1, five points will be awarded.

Indianapolis Agents Elect

Independent Agents of Indianapolis have elected Richard A. Maxwell president, Richard E. Lawrence vice-president, and Richard E. Retterer, secretary-treasurer. New directors are P. E. Koplein, William Ramey Jr., Norman F. Bryant and Richard Miller.

Sees Insurers As Fund Gatherers; Eyes Question Of Future Risk In Investments

The insurance business seems to have become principally a "money gathering industry," taking underwriting risks for which it is not fully compensated by profits, and taking further risks in the common stock as well as the bond market. This blunt statement by Harold S. Cherry, executive vice-president of Lionel D. Edie & Co., New York investment firm, was the keynote of a penetrating analysis of the economic outlook and of mutual property-casualty insurers' investment policy. He spoke at the midyear meeting in New York of American Mutual Alliance—held in conjunction with the annual meeting of National Assn. of Mutual Insurance Companies.

Appears Inflation Damaged

The business appears to be inflation damaged, sometimes regulation damaged, and sometimes damaged from price cutting competition, but at the end of each terrible year it shows whacking additions to surplus. To Mr. Cherry, who has spent almost 40 years in investments and none in insurance, this is fascinating. He wonders if in some cases greater risks are taken in the stock market in the hope of increasing surplus, so that further underwriting risks can be taken.

In speaking about the possible compounding of risks in the insurance business as well as in the stock market, Mr. Cherry said that investment risks, in the opinion of his firm, will be greater in the future than in the past. In his firm there are 10 economists, 25 security researchers and 35 practical market people, but Mr. Cherry wonders if there is any investment advisory firm good enough to cope with such potentials as might develop in the combination of insurance and stock market risks.

Market Risks Greater

Investment risks will be greater in future because of momentous and fundamental changes in the economy, in markets and in international politics, Mr. Cherry declared. But the greatest risk lies in insurer management complacence. Fortunately, it is basic that opportunities as well as dangers exist in eras of change, and at such times investment policies must be changed to fit. Activity must increase with changed investment policy.

Turning to consideration of the stock market, Mr. Cherry said that he expects Dow Jones industrials to earn $33 in 1961, although fourth quarter earnings may show an annual rate of $39 or the same as five years ago. A dividend of about $21 is expected this year. In neither earnings nor dividends has there been much change; the great change is in prices and yields. Five years ago, this industrial index was at 480 as compared with 710 now, and instead of yielding 4.1% as the stocks did five years ago they now produce 2.80%. The price of this index has risen 48%, though earnings have declined and dividends have not changed appreciably. That is the change.

Another fundamental stock market change to offset partially or wholly the bad taste of a high stock market without notable progress in earnings and dividends is the much better quality of earnings and dividends than five years ago. Depreciation and depletion are much higher and the earnings and dividends today are more solid.

Five years ago, long term, high quality industrial bonds yielded 3.50%. Since then, a 20-year bond of that description has declined about eight points to yield about 4.25%. A more volatile economy has led to a more volatile bond market. The relatively new importance of the U. S. tie-in with the rest of the world has contributed to the decline in bond prices. The present belief that our economy is in a cyclical upswing tends to restrain bond market enthusiasm. The government's need to finance a growing deficit and its needs to fund more of the debt into long term bonds are deterrents but can scarcely be called change.

Analyzing near-term change, Mr. Cherry said the U. S. is going through recovery in the business cycle. One

(CONTINUED ON PAGE 42)

N. J. Court Digs At 'Exercising Physical Control' Exclusion

The appellate division of the New Jersey superior court, in Elcar Mobile Homes vs Baxter, in 10 CCH (Fire & Casualty) 865, poked some fun at liability insurance policies and adopted a view which does not encourage underwriters and forms committee members. It held that the expression "property as to which the insured for any purpose is exercising physical control," which was added to the "care, custody or control" exclusion in standard provisions in 1955, accomplished nothing. The essence of the opinion is that the exclusion is just as ambiguous as it ever was—thereby supporting a holding against the insurer.

The case involved the not uncommon situation of a claim against the insured for damage to property upon

(CONTINUED ON PAGE 37)

Dawe Joins Afco As Financial V-P

Kenneth R. Dawe has joined Afco in the newly created position of financial vice-president. He will be in over-all charge of financial activities. Mr. Dawe has been with American Foreign Insurance Assn. as assistant controller for the past three years.

Kenneth R. Dawe

He began his business career in 1939 with a London firm of chartered accountants. He was later secretary and accountant for Lymington Slipway & Engineering Co., yacht designers and builders in England. In 1951 he joined Anglo-Transvaal Industries Ltd., in South Africa, where he was group secretary for 19 subsidiary industrial and mining companies. He joined AFIA in Johannesburg in 1952 and was chief accountant and secretary until he was promoted to assistant controller and transferred to the home office in New York in 1958.

—

Two **Nashville** agencies have merged, Farringer agency and Mutual Underwriters, and are occupying the Farringer offices, which will be enlarged. Louis N. Farringer, head of the Farringer agency, and Samuel Kirkpatrick Jr., chief of the mutual agency, plan expansion of operations. The agency recently added representation of Crown Life for Tennessee except for Memphis.

Lanning Appointed V-P Of General Re

Milton V. Lanning has joined General Re as vice-president. He will be active in underwriting and production.

Milton V. Lanning

Mr. Lanning has been in the business 20 years. He started his career in 1941 as an automobile underwriter with Hartford Accident. Subsequently he was an inland marine underwriter with Loyalty group and later was in charge of underwriting for Excelsior. He has most recently been vice-president of Prudential-Skandia-Hudson Re.

—

To Eye N. Y. WC System

Gov. Rockefeller of New York has indicated that he will appoint a group to study the state's workmen's compensation system. Labor groups have criticized its strict administration, and business interests have complained of its costs.

Business, labor and government representatives will comprise the study group, Gov. Rockefeller said.

—

Peerless Names Burke

Peerless has appointed James D. Burke special agent at Buffalo to succeed Max J. Marion, who has been promoted to manager at Montpelier, Vt. Mr. Burke has had experience in claims and underwriting.

Conventions

Oct. 15-17, Kansas agents, annual, Broadview Hotel, Wichita.

Oct. 15-17, Maryland agents, midyear, Emerson Hotel, Baltimore.

Oct. 15-18, National Assn. of Mutual Agents, annual, Sheraton-Cadillac Hotel, Detroit.

Oct. 16, Rhode Island agents, annual, Sheraton Biltmore Hotel, Providence.

Oct. 16-18, Michigan mutual agents, annual, Sheraton-Cadillac Hotel, Detroit.

Oct. 16-18, Zone 6 of NAIC, Holiday Hotel, Reno. (All executive sessions).

Oct. 17-18, Massachusetts agents, annual, Sheraton Plaza Hotel, Boston.

Oct. 19-21, Nevada agents, annual, Reno.

Oct. 19-22, Colorado agents, annual, Broadmoor Hotel, Colorado Springs.

Oct. 22-24, Ohio agents, annual, Deshler Hilton Hotel, Columbus.

Oct. 23-25, South Carolina agents, annual, Francis Marion Hotel, Charleston.

Oct. 23-29, Hemispheric Insurance Conference, Lima, Peru.

Oct. 25, National Independent Statistical Service, annual, La Salle Hotel, Chicago.

Oct. 29-31, Tennessee agents, annual, Andrew Jackson Hotel, Nashville.

Oct. 30-Nov. 1, California agents, annual, Biltmore Hotel, Los Angeles.

Nov. 2, Connecticut agents, annual, Statler-Hilton Hotel, Hartford.
Fonda Hotel, Santa Fe.

Nov. 12-15, Indiana agents, annual, Claypool Hotel, Indianapolis.

Nov. 13-14, Illinois mutual agents, annual, Pere Marquette Hotel, Peoria.

Nov. 13-15, Health Insurance Assn., individual insurance forum, Sheraton Hotel, Philadelphia.

Nov. 5-7, Illinois agents, annual, Chase & Park Plaza Hotels, St. Louis, Mo.

Nov. 8-10, American Management Assn., fall insurance conference, Drake Hotel, Chicago.

Nov. 12-14, Kentucky agents, annual, Kentucky Hotel, Louisville.

Nov. 13-15, Mutual Insurance Technical Conference, Edgewater Beach Hotel, Chicago.

Nov. 2-3, Nebraska agents, annual, Cornhusker Hotel, Lincoln.

Nov. 13-16, National Assn. of Independent Insurers, annual, Hotel Biltmore, Los Angeles.

Nov. 15-17, Casualty Actuarial Society, annual, Palmer House, Chicago.

Nov. 16-17, Conference of Mutual Casualty Companies, accounting & statistical, office methods & personnel conference, Conrad Hilton Hotel, Chicago.

Dec. 4-8, National Assn. of Insurance Commissioners, Adolphus Hotel, Dallas.

Dec. 27-29, American Risk & Insurance Assn., annual, New York City.

Central Claim Executives To Meet At Chicago

Central Claim Executives Assn. will hold its fall meeting Nov. 9-10 at Chicago with the meetings in the Lake Tower Motel. New considerations toward workmen's compensation claims, recent judicial interpretations of the completed operations exclusions, handling contractual liability coverage and claims, and auto physical damage and the reserving of all-line claims will be discussed.

D. Z. Reinertsen, Northwestern National Casualty, is president of the organization.

Leonard To Address CPCUs

The annual conferment luncheon of the New York CPCU chapter will be held Oct. 17 at the Hotel Astor. A. Leslie Leonard, dean of the school of Insurance Society of New York, will be the luncheon speaker. The CPCU designation will be offically conferred upon successful candidates from the New York and neighboring areas. Roderic O. Kresuer, Prudential of Great Britain, is general chairman.

Dakota Field Changes

Phoenix of Hartford has named Robert D. Mitchell state agent in North Dakota and South Dakota, with headquarters at Aberdeen, S. D.

Bert W. Holvik, formerly state agent at Aberdeen, has been transferred to Omaha to supervise the eastern Nebraska field.

Overman Eyes All Lines Trend To Bring Consumer Convenience

The insurance business in the 1960s is at a comparable crossroads in its evolutionary trend to that which it faced just before the passage of multiple line legislation, Edwin S. Overman, dean of American Institute, told the annual meeting in New York of National Assn. of Mutual Insurance Companies. The theory of consumer efficiency dictates the offering of a property-casualty-life-health package covering all perils.

To do this, the business must get enabling legislation, Mr. Overman said. If this is forthcoming, an insurer could issue a package with all coverage necessary to protect a family against all contingencies. Such a product might be called "The Family Continuation Package Policy."

Mr. Overman explained that the theory of consumer efficiency could be summarized by noting that consumers generally wish to maximize their efficiency in buying goods and services by reducing money-cost, time-cost, and the energy or inconvenience-cost.

Notes Discount Boom

This trend has been reflected in retail developments through the flowering of discount houses with lower prices, the widest variety of goods under one roof, and extension of credit and convenient billing devices.

Translating these developments into insurance, Mr. Overman noted that since the 1950s consumer efficiency has been evident in many phases of marketing. Money-cost has been reduced by direct billing and continuous policies. Electronic equipment has made record keeping, general administration and rating methods less costly. There have also been merit rated auto policies and significant reductions in commission rates.

Accomplishments

Reduction of consumers' time-cost has been achieved by more and more agents handling all lines, thus cutting down the number of agents to be seen for separate insurance needs.

A cutting of consumers' inconvenience-cost has also taken place, not only because numerous previously separate coverages have been made available through one agency but also because the insurance product has been brought right into the living room of the buyer. Mr. Overman said that this door-to-door selling has been successful for decades in the life business. It came into prominence in the property-casualty business in the 1950s primarily as the result of the stimulus provided by exclusive agency companies.

In the last two or three years, a growing number of agency system companies have brought into the business young and energetic agents to serve suburban housing development residents in the evening, on Saturdays and even Saturday nights. These young men operate out of service offices in shopping centers and offer door-to-door service in all lines. This produces the ultimate in buyer convenience.

In achieving all these efficiencies, the important break-through came with the advent of all risk packages. These "super-mart" forms reduced unit costs by massing perils. They also save the consumer's time and buying effort.

Allied Fields

Mr. Overman pointed out that the purchase of insurance carries with it a concomitant need for a number of closely related services which tend to tie in most effectively. These related services are presently provided by such specialized fields as banking, finance, investments, accounting and real estate. Mr. Overman analyzed this "all-fields" approach:

1. Banking needs—Simplicity of payment plans for insurance calls for

(CONTINUED ON PAGE 44)

Movie Tells What It Would Be Like Sans Insurance Business

Insurance Information Office of Connecticut has issued a new 16 mm movie which describes what the state would be like without the insurance business. A distinguished audience, which included Gov. Dempsey, Commissioner Alfred N. Premo, Education Commissioner W. J. Sanders, and insurance executives and civic leaders attended a premiere showing at a luncheon in Hartford.

The motion picture, produced by Bay State Farm Productions, is a fable that follows the adventures of a little boy with a magic bottle who wishes the insurance industry out of existence.

Gov. Dempsey said after the presentation that the movie's important message is that the insurance business is concerned with people. "I am delighted that the insurance companies are playing an active and a daily role in making Connecticut a better place to live," he declared.

Beers Introduction

The governor was introduced by Henry S. Beers, president of Aetna Life group and chairman of the executive committee of the information office. Mr. Beers expressed the hope that the audience would like the "somewhat light-hearted, whimsical approach to information and education on insurance."

The new film will be available for general distribution throughout Connecticut.

Among the guests at the premiere showing was Dr. Arthur Goldberg, vice-president of the E. O. Smith School at University of Connecticut, who has written both a teacher guide and a text for pupils on the functions and the history of insurance, which will be distributed free to schools which schedule the film for classroom use.

Mutual Of Omaha Buys Los Angeles Building

Mutual of Omaha has purchased a major office building in Los Angeles. Formerly known as the Wilshire Boulevard building, the 12-story structure has long been a landmark on the boulevard.

To be renamed the Mutual of Omaha building, it will house the company's principal California offices. The Hall-Worthing general agency and other offices will occupy the second floor after extensive remodeling has been completed. The company will also maintain a regional benefits office in the building.

Reinsurer Issues Stock

WASHINGTON—World Wide Reinsurance of Yankton, S. D., has filed a statement with the SEC seeking registration of 4.8 million shares of common stock, to be offered for public sale at $1 per share. Offering will be made on a best efforts basis by Harold R. Bell & Associates, which will receive 15 cents per share commission.

The company, formerly Dakota Reinsurance Corp., will be engaged principally in reinsurance. Of the $4,040,000 estimated net proceeds from the stock sale, a minimum of $200,000 will be allocated to capital, and $400,000 will be deposited with the South Dakota insurance commissioner. Approximately $2 million will be set aside as paid-in surplus. The remaining proceeds will be added to the general funds of the company.

The company has outstanding 5,500 shares of common stock, all owned by management officials as a group. Walter H. Johnston is president and Fred H. Learch chairman.

GAB Changes

Clyde E. Culp has been named regional manager of General Adjustment Bureau supervising Eastchester, Hempstead, Huntington Station, Patchogue, Riverhead, and Thornwood, N. Y., with headquarters at Hempstead.

Edward J. Moran, branch manager of the metropolitan New York office, is now also supervising regional manager of Brooklyn, Bronx, Jackson Heights, Jamaica, and Staten Island, N. Y.

These appointments follow the transfer of Charles F. Hargrett to the Newark branch.

Mr. Culp joined GAB at Washington, D. C., in 1942 and has been manager at Patchogue since 1949. Mr. Moran joined GAB in 1937 and was manager of the inland marine division prior to appointment as manager of the New York City office.

Participants Scheduled For ARIA Annual Meet

American Risk & Insurance Assn. will hold its annual meeting Dec. 27-29 in New York.

Speakers, discussion leaders and panel moderators scheduled include Robert I. Mehr, University of Illinois; Meyer Melnikoff, Prudential; Robert W. Osler, Underwriters National Assurance; James L. Atheran, University of Florida; Donald R. Childress, University of Oklahoma; Oscar Goodman, Northwestern University; Irving Pfeffer, UCLA.

Also, John W. Cowee, University of California; William Knepper, International Assn. of Insurance Counsel; Arne Fougner, Christiania General of New York; Robert Rennie, Nationwide Mutual; William McCrae, American Mutual; John F. Adams, Temple University; and Willis Rokes, University of Oklahoma.

General session chairmen include Kenneth Herrick, Texas Christian University; Edwin S. Overman, American Institute for Property & Liability Underwriters; Grant M. Osborn, Arizona State University, and Mr. Adams.

Ahern, Donlin Raised By Hartford Accident

David J. Ahern has been promoted to agency superintendent of the New England office of Hartford Accident. He is succeeded as special agent in Connecticut by Raymond E. Donlin.

Mr. Ahern joined the company as an underwriter in the home office in 1934 and later became supervising compensation and liability underwriter for the New England office. He was then special agent in Connecticut and in Vermont. After three years in the agency business he returned to the company and has most recently been casualty special agent in Connecticut.

Mr. Donlin joined the company in the service department in 1946 and became an automobile compensation and liability underwriter in the New England office in 1947.

India Wood, formerly with Engelhard & Co., Chicago accounting firm, has joined Leonore Cann, certified public accountant at Chicago, as a staff member specializing in insurance accounting and data processing.

Gaffney And Sedwick Present Capsule Education In Bonds At Dallas Meet

Solid information on the background and procedures of the bond business and on marketing opportunities therein was provided at the fidelity and surety workshop of NAIA at the Dallas meeting. Detailed presentations on many phases of the business were made by Warren N. Gaffney, general manager Surety Assn. of America, and by Theodore L. Sedwick, vice-president Standard Accident.

Mr. Gaffney noted that his association has almost exclusively made rates for fidelity and surety lines on the basis of informed judgment. This takes cognizance of all the constituent parts of the statute but does not result in an automatic formula for the making of rates.

After the specific statistics and elements set forth in the law are weighed, the "other relevant factors" mentioned therein are given careful consideration. These are not necessarily the same for each of the coverages but, among other things, they include economic conditions generally or those applicable to a class of business, changes in law or legal effect, competition, potential volume, size of risk, adequacy of bond penalty, nature of hazards, analogy to known hazards, statutory limitations, the value of the credit extended, the extent of the credit risk and the nature of the service required.

The informed judgment basis of rate making has produced reasonably sound results and only moderate profits, Mr. Gaffney said. For the years 1955-1960, there was an average gain of 2.2% on fidelity and one of 4.3% on surety—both before federal and foreign income taxes and before real estate taxes.

At the instance of some member companies and of certain insurance departments, the association has been developing a series of formula guides for the fidelity and forgery lines. The problems have been complex and unique.

Nevertheless, a guide has been developed for standard bankers blanket bonds for commercial banks. New rates and rating procedures for such bonds derived from the guide, a revised experience rating plan and an interim rating plan were filed in all 50 states and approved in 49.

The formula is a technical actuarial product. Its components are, however, readily recognizable and consist of operating expenses, statutory reserves, taxes, profit and contingencies, losses and loss adjustment expenses. The cornerstone of the formula guide is the loss figure, and the factor for profit and contingencies is a modest 5%.

Marketing Opportunities

The association is now working on a guide for rate-making in the mercantile fidelity field, and has prepared a new proposed business classification code for the many subdivisions of that class. The difficulties were accentuated by the multiplicity of businesses which are not now classified at all but which, for rate-making purposes, have been included in a general code for unclassified insured. Efforts are continuing to develop a new premium computation procedure based on total ratable employes in lieu of the existing A,B,C employe classification breakdown. There will, of course, be a formula guide, a new basic table and

(CONTINUED ON PAGE 32)

Insurance Program For Banks Urged By Banking Official

The growth in banking assets and the complexity of protection problems arising from the expansion of services to the public make it essential that each bank have a well planned and adequate insurance program with an officer in charge, according to George H. Hottendorf, deputy manager American Bankers Assn. and director of its insurance and protective committee. He spoke at the fidelity and surety workshop at the NAIA meeting in Dallas.

Mr. Hottendorf urged that bank insurance officers be capable of analyzing existing hazards and determining which risks should be insured, in order to be certain that the bank's interests are properly safeguarded. Insurance agents can be helpful, he said.

Speaking on bankers blanket bonds and excess coverage for banks, Mr. Hottendorf reviewed the protection against loss provided by Form 24.

Important Cover

In addition to the blanket bonds which may be written with extended coverage under special clauses, such as clauses D and E which are optional for forgery, Mr. Hottendorf urged that additional coverage be carried by banks to fit specific needs for protection against possible losses which are not covered in the blanket bond.

The most important excess coverage for banks is $1 million fidelity cover. This is written on excess bank employe dishonesty blanket bond form 28 by Surety Assn. of America companies and on similar forms by independent companies and London Lloyd's. It is a discovery bond written to supplement bankers blanket bonds, and insured banks must carry at least a specified amount of underlying coverage. Form 28 was first issued in 1954, but it did not become too popular with banks until after the form was revised in 1959. The number of banks with $1 million excess fidelity has more than doubled within the past year, and more than 4,500 banks now have this protection, Mr. Hottendorf noted.

Contributing to the current popularity of having excess fidelity insurance in the amount of $1 million were several large bank defalcation losses which received nationwide publicity during the past 18 months, he continued. Also, the need for such insurance has been emphasized by federal and state bank supervisory authorities, as well as the ABA and many state bankers associations.

Cites Performance

During 1960 and the first half of 1961, 12 bank embezzlement losses were underinsured to the extent of $2.8 million, Mr. Hottendorf said. However, in seven additional cases, underinsurance would have totaled $3.8 million, except for the fact that the banks involved carried $1 million excess fidelity insurance. The annual premiums for this insurance range from $200 to $600 for banks with deposits of less than $10 million. Somewhat higher premiums are charged larger banks.

Another excess coverage for banks is the bank burglary and robbery policy which may be written to cover securities only, at 50% of the rate charged to cover money and securities. Unlike in 1934, when this policy was carried for primary insurance by two-thirds of the banks, it is now written only as excess insurance to supplement the bankers blanket bonds of a few thousand banks. There are also excess securities policies and excess transit policies, Mr. Hottendorf pointed out.

—

Robert H. Hawley, manager of the casualty, fidelity and surety agency department of Travelers and Travelers Indemnity at Kansas City for many years and with the group for almost 38 years, has retired.

Stumpf Forming Own Adjusting Firm In N. J.

Robert F. Stumpf, regional manager in northern New Jersey of General Adjustment Bureau, has resigned to form his own independent adjusting firm at 126 Market Street, Paterson, N. J.

Robert F. Stumpf

Mr. Stumpf was with GAB 20 years. He started in the Newark office as an adjuster, was named manager at Paterson in 1946, and regional manager in 1959. He is immediate past MLGG of Blue Goose. His firm will handle fire and allied lines in north Jersey.

—

Employers Mutuals of Wausau has named Robert M. Dunne a field sales manager at Belmont, Mass. He joined Employers in 1956 after two years with John Hancock Life.

Lewis Rietz To Keynote HIA Individual Forum

H. Lewis Rietz, executive vice-president of Great Southern Life and president of Health Insurance Assn. of America, will be the keynote speaker at HIA individual insurance forum, Nov. 13-15, at the Sheraton Hotel in Philadelphia.

The program will include a panel discussion on continuance of coverage and four elective workshop sessions.

There will be 12 workshops at each of the four sessions, at which the following subjects will be discussed: Underwriting techniques, underwriting management, claim management, substandard, statistical planning, new product development, policy drafting and filing, persistency and conservation, and motivation of agencies.

—

Insurance Women of Wichita have named Rita Batka employment chairman. She has been with Phoenix of Hartford for the past 12 years, and before that was associated with her father, the late Frank Batka, in his agency.

Small Fire Mutual Has Alarming Introduction To Casualty Lines

Robert S. Barber, president of West Bend Mutual, West Bend, Wis., saw the handwriting on the wall for single line fire companies back in 1954. To meet the needs of its agents, the company went by degrees into multiple lines, he reported at a joint conference session at the annual meeting in New York of National Assn. of Mutual Insurance Companies.

The company first offered the CPL and with this background went into homeowners in 1956. Mr. Barber said the company had quite a baptism in the casualty end of homeowners. Within 60 days after entry into the line, it had a death case on its hands.

The daughter of a homeowners insured was followed home at night by a young man who apparently was a Peeping Tom. Shortly after the daughter entered the house about midnight, the father heard noises outside her bedroom window. The father grabbed a rifle, went out on a porch, saw a man attempting to get in the bedroom window, took aim and shot him dead. At the young man's funeral, his father suffered a heart attack and subsequently died.

Mr. Barber's insured was confronted with a law suit, charging him not only with the death of the young man but also with being the contributing factor in the death of the father.

"I can assure you that being faced with these problems so soon after writing our first homeowners caused us to have some concern about the problems of being in the casualty business," Mr. Barber observed. Fortunately, the courts cleared the insured on the grounds of self-defense in protecting his home, and the claim was finally settled for funeral expenses.

In spite of this alarming start, the company's homeowners business has continued to grow. Subsequently, general liability was added to the portfolio and then auto in 1959.

Some years ago, Mr. Barber was told by a wise insurance man that there were three key words to success in various phases of the business. In life the word is "sales"; in fire it is "underwriting"; in casualty it is "claims." Mr. Barber's company has put the emphasis on claims in its casualty operations. Before getting into auto, it searched for and found a proven claims manager.

Volume Control

As a result of long and careful study of the operations of other companies which had moved from fire into auto, the company determined at the beginning that one of the most common causes of trouble was that too much emphasis had been placed on volume of sales with the result that indigestion developed. Therefore, in setting up its plans for operation, it decided to keep a very tight control on volume.

With this in mind, plans for rate and commission structures were set so that they would be serving to a certain extent as a brake. Thus, the company started with rates that were somewhat higher than much of the competition and with a commission schedule that was somewhat lower. As the business has developed, it has become increasingly apparent that the problem of controlling the volume has continued to be a main concern.

One of the biggest problems in adding auto has been growing unearned premium and loss reserves. The development of these reserves is a matter which must be given extremely careful study by any company contemplating the addition of auto to the basic fire lines, Mr. Barber said. From the beginning, it was his purpose to underwrite the business with the greatest care possible. Each month the company carefully analyzes unearned premium reserve and also loss reserve in order to make certain that the growth of the auto business is in line with the development of fire and allied lines.

Claims Personnel

The most important single factor in making the step into multiple line operations is the development of capable personnel to handle claims. "We have become increasingly convinced that it is absolutely essential to keep complete control of the claims in the hands of our own carefully trained claims people. We are also convinced that

our home office casualty claims people must all be lawyers in order that the claims can be properly supervised. From our observation, it would be quite dangerous indeed for a company to venture from fire into the auto field without having legally trained men in the organization to supervise the claims right from the beginning. Casualty claims have a way of getting out of hand with the greatest of ease," Mr. Barber declared.

Nearly all of his established agents had always operated on a multiple line basis. In setting up his production operation, the plan was to select from among agents only the best for authorization to write auto. This was done because of the great need for keeping the volume in close check and also because it is necessary to depend very heavily on the agent in the careful selection of desirable business. In spite of all precautions the company found that in the early stages there were some agents who wanted "to try out" the company by sending auto risks which left much to be desired. Because of this danger, the company always endeavors to keep agents reminded of their responsibility for a good front line underwriting job.

Bright Future

Even though there have been inevitable problems in connection with auto Mr. Barber feels that offering this facility on a gradually growing basis to agents has already brought many benefits and is now laying the foundation for the future growth of the company as a multiple line operation.

The clear trend of the fire and casualty business is to more and more multiple line and package underwriting. In the face of the present onslaught of repeated reductions on a national basis in the homeowners program and now the packaging of other than dwelling risks into the multi-peril policy program, the company feels that it is essential that companies like it develop into full multiple line operations. In order that reserves can be kept in proper balance, this requires that the program be carried on over a period of years.

Mr. Barber recognizes many problems ahead, but he believes that companies like his can continue to grow into a fuller life in the years to come.

Fund Names Ruland Eastern Retrospective, Large Risk Manager

Fireman's Fund has named Robert E. Ruland manager of the retrospective and large risk department for the eastern department's auto and casualty operations. Mr. Ruland will report to Resident Vice-president Henry E. Knoblock.

Mr. Ruland has had extensive experience in the large risk field with several leading multiple line companies.

Cornwall & Kennedy Grows

Cornwall & Kennedy, independent adjusting firm, has taken over the A. F. Barry office at Waterbury, Conn. Mr. Barry has retired because of ill health. This brings to five the number of offices operated by Cornwall & Kennedy. It also operates in Hartford, New Haven, Bridgeport and Darien, Conn.

William T. O'Connor, manager of the New Haven office, heads the Waterbury operation, with John Chatfield, who has been with the firm five years, acting as supervising adjuster there.

CPCUs Plan Workshops For St. Louis Seminar

The annual seminar for insurance buyers will be held Nov. 2 at St. Louis under the joint sponsorship of St. Louis chapter of Society of CPCU, Associated Industries of Missouri, and the school of business and public administration and university college of Washington University. Moderators and participants not otherwise identified were provided by the local CPCU chapter.

Howard R. Martin, Falstaff Brewing Corp., will lead off the session with a discussion of corporate insurance records and reports to management. His talk will cover the preparation and use of these documents and the functions and responsibilities of running a corporate insurance department.

Following this talk, there will be three concurrent workshops. One will cover crime insurance—internal controls to eliminate temptation and coverage needed to prevent bankruptcy. This seminar will be moderated by John G. Charlton and will feature panelists John C. Wilson, Peat, Marwick, Mitchell & Co.; F. C. Messig, Pet Milk Co., and Walter W. Carlson.

Another workshop, moderated by John O. Feller, will take up group insurance, stressing the psychological effect of group on employes. Panelists will be R. Bruce Wynne, director of personnel relations Universal Match Co., and Phillip P. Wilson, manager John Hancock at St. Louis.

A third panel will discuss basic insurance principles which help the buyer to decide when to insure, buy excess insurance or deductibles. Moderator will be Paul O. Dudey, and the panelists Alfred T. Leinbach, vice-president Edison Brothers Stores; Harold F. Frederick, vice-president Stewart-Smith (Ill.), and C. Donald Ainsworth.

Luncheon speaker will be Bruce H. Suter Sr., consultant Ebasco Services, who will analyze professionalism in insurance management.

American Road, the Ford Motor Co. insurer, has had auto PHD rates 20% off manual approved in New York state.

Hutchinson Is Named Assistant Secretary

Alfred L. Hutchinson has been named assistant secretary of American Mutual Liability and Allied American Mutual Fire. He has also been promoted to manager of personal lines underwriting for the companies.

A member of the Massachusetts bar, Mr. Hutchinson has been employed by American Mutual since 1926.

Prior to his new assignment, he was underwriting manager of the casualty division of American Policyholders' Ins. Co., one of the three associated companies, all located in Wakefield, Mass.

Hartford Names Manseau

Hartford group has named Robert Manseau casualty superintendent at San Francisco. He joined Hartford Accident in 1930 and has since served as both a casualty special agent and underwriter.

General Adjustment Bureau has moved its New Orleans office to 1820 St. Charles Avenue.

Packages Push Smaller Insurers Into Multiple Line In Self Defense

Going multiple line is largely a matter of necessity and not of decision, according to William W. Swayze II, president of Farmers Mutual Fire, Wilmington, Del. He spoke at the annual meeting in New York of National Assn. of Mutual Insurance Companies, during the joint session of Conference of Mutual Casualty Companies, Conference of Fire & Allied Lines Companies, and Federation of Mutual Fire Insurance Companies.

Mr. Swayze sketched in pertinent background before taking up the details of going multiple line. He noted the ever increasing number of independent filings, especially in the personal lines. The bureau companies have decided that the independent stocks and the mutuals have made too many inroads into their business and they are determined to retain and/or regain it. These bureau companies are not happy over the prospect of underwriting losses but they are certain that it is most necessary that they remain competitive. They are willing and able to throw their investment income into the battle and are not concerned as long as there is a respectable net gain in assets and surplus, Mr. Swayze said.

He thinks there is little prospect of rate relief. If anything, the price war in most lines will get hotter.

The problems of the independent agent came in for examination by Mr. Swayze. The agent is disturbed about increased overhead and reduced commissions which add up to less take-home pay. He is concerned, on one hand, over the time consuming detail work in his office, and concerned, on the other hand, over direct billing and use of continuous policies (which would greatly reduce his office detail). He has become convinced that one solution to his overhead problem is to throw about half of his companies out of the office. In doing so, he will, all things being equal, retain those companies offering him the most in multiple line service. In many cases the company (or companies) writing his auto lines are telling him that they cannot continue accepting these lines unless they begin getting a good cross-section of his business.

Ultimatum And Answer

Several of Mr. Swayze's agents have told him that they would not be giving his company much new fire and homeowners for this reason. But other agents have answered such an ultimatum by telling these auto insurers to pick up their supplies if they were not satisfied with the business they were getting from the agency.

The majority of his company's agents are asking why Mr. Swayze's company does not write 'this or that line.' They seem more convinced than his company is that the day of its type of operation is nearing an end. And they infer that if the company does not take steps to add to the stock of goods on its shelves they will trade elsewhere, reluctantly or otherwise.

Mr. Swayze said his first consideration is retention of good business. It was in self-defense that his company entered the homeowners field. It really had no decision to make.

Entry To Homeowners

He recalled the position in which his company found itself in 1953. Despite its name, Farmers insures mainly dwelling property. It has always been proud of the fact that it insures a fair percentage of the better homes in its area.

Unfortunately for the company, Delaware was one of the first states in which homeowners was introduced, and it was pushed especially hard by several of the largest agencies representing a well known stock company which was offering the policy at a considerably lower price than the prevailing bureau rates. A small number of agents and, for all practical purposes, one company were really selling home-

owners while the rest of the company and agency people were thinking of all kinds of reasons 'why it was not for them.'

Of course, the representatives of the enterprising company concentrated on the better class risks, and 'we were being murdered,' Mr. Swayze said. He could have almost sworn that they were using his policyholders file as a prospect list, the way his policies were being returned for cancellation. His company could not determine the full extent of its loss of volume at the time, since in many cases credit was allowed for policies until expiration.

Rapidly losing the cream of its dwelling business, the company did a lot of boning up and research on the new forms. It knew very little about theft or liab.lity. But it did know that it had to learn everything about the lines and that it had to get into homeowners. The only decision was 'when and how.'

As soon as the bureau filed lower rates that, with the company's contemplated dividend, made his company competitive, it entered the field.

Mr. Swayze's company has had its share of problems with homeowners in the past seven years, but is now one of the foremost writers of the policy in Delaware. Homeowners now produces more than 60% of the company's volume. Several years ago, the company changed from a dividend to a deviation. The only concern now is whether the 20% deviation is justified.

"The big question is what to do about auto. We have all been hearing predictions for the past five years or so that the auto coverages would soon be a part of the package. But efforts to date have been quite unsuccessful. While deep down I know that our company will eventually have to offer full auto, I do not feel that it is in a position to risk its limited resources in this field at the present time," Mr. Swayze said.

He believes that his company should write selected OL&T, for a number of reasons. It appears that the line can be written at a profit, and the company has been receiving many requests from agents and buyers to provide it.

One of the first of the new packages to hit his area was the motel form. Mr. Swayze does not feel that it is practical for his small company. In most of the motels, especially those with swimming pools, the liability hazard is great. The burglary and crime exposures are severe. Often, a large percentage of the value is in restaurant and bar. Perhaps the experience will prove him wrong, but Mr. Swayze does not wish to write the policy, particularly at any sort of deviation.

The apartment house and office packages are a different matter. His company has a number of small-to-medium apartment houses and some office buildings. In self-defense, if nothing else, the company will want to get into these two programs. Mr. Swayze feels that the comprehensive crime coverage in the apartment package is to be avoided. The company should be careful in underwriting elevator liability in both of these programs, especially in older or poorly maintained properties.

In going multiple line, Mr. Swayze has concentrated on the personal lines and has generally recommended coverages that are tied in with the fire and homeowners which the company was already writing.

He emphasized that his company has very limited resources and that it cannot take an underwriting loss on "sought after" lines, as can its large competitors. The situation today calls for great vigilance and knowledge if his company is to maintain its financial position, while being competitive, he concluded.

Minn. Reports Gains

ST. PAUL—The insurance department reported that the annual statements of insurance companies licensed in Minnesota show an increase in the volume of insurance and in premium writings. Fire and casualty premium writings totaled $355,420,000, an increase of $26,620,000. Life insurance in force on the lives of Minnesotans increased $750,700,000 during 1960 to $9,955,313,352.

Ask More Insurer Reserves

The Maryland department has asked Security Financial Ins. Corp. to set up adequate reserves to cover possible losses in Phoenix Savings & Loan Assn. of Baltimore, which is under state conservatorship. The latter firm is being audited by a court appointed conservator, the state director of taxation and assessments.

In its 1960 statement Phoenix listed $1,091,825 in savings accounts. Security Financial, which insures its accounts, has, according to the insurance department, approximately $700,000 in reserves. It insures 30 savings and loan associations, which have in the aggregate $38 million in deposits.

Executives of the insurer indicated it is fully prepared to pay 100% of Phoenix losses. For 1959 and 1960 Security Financial reported $325,000 in premiums and no losses. The company was organized in 1959 by Gordon Boone of Baltimore, house majority leader in the Maryland legislature.

Reviews Trends Apt To Affect Alaskans

(CONTINUED FROM PAGE 6)

confined to the insurance business, Mr. Niggeman pointed out, but has been widespread.

Change at the company level, he said, means change at the agency level. Until very recently this partnership has been a failing one. Mr. Niggeman believes that the cause of company-agent dissension is poor communication, resulting in a lack of understanding of problems as they are seen by and as they affect each party. Companies and agents have failed to satisfy each other that the steps initiated to bolster competitive strength were designed for their mutual interest. This is especially dangerous since the two groups are wholly dependent upon each other.

The next 10 years will see a reduction in the number of companies doing business in the U. S., Mr. Niggeman predicted. Therefore agents will have fewer companies in their offices and will be able to exercise greater selectivity. Fewer companies will mean some reduction in agency operating costs, and fewer non-productive agents will mean some reduction in company costs.

Greater Company Independence

Selection of companies will be made more complex because these fewer companies will display greater independence in thought and action in their determination to help agents woo the public. This independence will be coupled with emphasis on individual risk selection and profitable agency sources. While independence will mean wholesome competition, it may also prompt some companies to seek agents as distributors for improperly contrived and inadequately priced contracts, Mr. Niggeman warned.

Fewer companies, each with its own products, services and marketing characteristics, may tend to create a preference on the part of agents to identify themselves with the insurer showing the greatest skill and imagination in creating public acceptance of the agent as an insurance counselor, he said. He stressed that the agent's independence would remain unchallenged. He will remain free to move from company to company. But the company trend to adopt the "total marketing" approach is liable to build maximum support on the part of agents.

Product and processing innovations will produce a need for further sales and technical training, Mr. Niggeman said. Agents will have to learn to segment a market for sales. Many will have to learn that the personal lines market requires a different approach from the commercial market. In the first instance, emphasis will be placed on mass merchandising tools. Modern electronic equipment will be meshed with agency operations to minimize paper work.

Don't Blame The Machine

Mr. Niggeman noted that electronic equipment has been "today's number one area of hot debate." If the equipment has not shown companies and agents the way to conserve time and expense, "Let's not blame the machine," he remarked. "We failed to communicate. We failed to program together."

EDP holds the promise of greatly refined experience, rate analysis, rate making, systems of cost accounting, budget and control and sales forecasting, he said. He expressed regret that the entry of the business into electronic billing, the most elementary area of EDP, has caused such a furor.

Mr. Niggerman urged Alaskan agents to remain alert and receptive to change and to move with the trends he had described.

Standard Accident Names Fraser At Cincinnati

Standard Accident of Detroit has appointed William F. Fraser a field representative in the bond department at Cincinnati. He had been a bond underwriter at Washington.

Mr. Fraser joined the company in 1957 as a bond underwriter in the home office contract bond department and remained there until his transfer to Washington in 1959.

Dayton Agents Elect Lamb

Dayton (O.) Fire & Casualty Underwriters have elected Charles D. Lamb president, Edwin J. Swiesler and James O. Easterday, vice-presidents, and Bradley Schaeffer executive secretary-treasurer. Paul E. Whitenack and Gene E. Ruggles were named directors.

Edwin H. Coggeshall, executive vice-president of Mutual Ins. of Pennsylvania has retired. He was in the business more than 40 years, almost 33 with Mutual of Pennsylvania, which he joined in 1929 as assistant secretary and underwriting manager. He was advanced to secretary in 1936 and became executive vice-president in 1960 when Perkiomen Mutual became Mutual of Pennsylvania. He had served in many organizations affiliated with the business.

insurance; Walter G.
; regional manager of
ation Institute, and
rf, midwest manager
ureau; Paul M. Rogan
ge Guaranty Corp. of
er Wisconsin commis-
in L. Stark, midwest
Assn. of Casualty &
s.

too!

ore

ce

ers' 4-STAR

ial agent at Baltimore, has been appointed assistant regional manager at Philadelphia by Boston group. He will be associated with H. Bradley Sexton Jr., resident secretary. Mr. Schmitt joined the group in 1953 as special agent in Baltimore covering Maryland and District of Columbia. He has served as an officer of Maryland-Delaware Insurance Club and Maryland Rating Bureau.

Minnesota Fire Prevention Assn. Guests included the fire chiefs of St. Paul and Minneapolis and their suburbs.

—

Robert S. Tkatch of Ambridge has been named head of Pennsylvania's Workmen's Insurance Fund. He succeeds Edward J. Reider of Rochester. Mr. Tkatch formerly was in the real estate and insurance business in Ambridge.

Reviews Trends Apt To Affect Alaskans

(CONTINUED FROM PAGE 6)

confined to the insurance business, Mr. Niggeman pointed out, but has been widespread.

Change at the company level, he said, means change at the agency level. Until very recently this partnership has been a failing one. Mr. Niggeman believes that the cause of company-agent dissension is poor communication, resulting in a lack of understanding of problems as they are seen by and as they affect each party. Companies and agents have failed to satisfy each other that the steps initiated to bolster competitive strength were designed for their mutual interest. This is especially dangerous since the two groups are wholly dependent upon each other.

The next 10 years will see a reduction in the number of companies doing business in the U. S., Mr. Niggeman predicted. Therefore agents will have fewer companies in their offices and will be able to exercise greater selectivity. Fewer companies will mean some reduction in agency operating costs, and fewer non-productive agents will mean some reduction in company costs.

Greater Company Independence

Selection of companies will be made more complex because these fewer companies will display greater independence in thought and action in their determination to help agents woo the public. This independence will be coupled with emphasis on individual risk selection and profitable agency sources. While independence will mean wholesome competition, it may also prompt some companies to seek agents as distributors for improperly contrived and inadequately priced contracts, Mr. Niggeman warned.

Fewer companies, each with its own products, services and marketing characteristics, may tend to create a preference on the part of agents to identify themselves with the insurer showing the greatest skill and imagination in creating public acceptance of the agent as an insurance counselor, he said. He stressed that the agent's independence would remain unchallenged. He will remain free to move from company to company. But the company trend to adopt the "total marketing" approach is liable to build maximum support on the part of agents.

Product and processing innovations will produce a need for further sales and technical training, Mr. Niggeman said. Agents will have to learn to segment a market for sales. Many will have to learn that the personal lines market requires a different approach from the commercial market. In the first instance, emphasis will be placed on mass merchandising tools. Modern electronic equipment will be meshed with agency operations to minimize paper work.

Don't Blame The Machine

Mr. Niggeman noted that electronic equipment has been "today's number one area of hot debate." If the equipment has not shown companies and agents the way to conserve time and expense, "Let's not blame the machine," he remarked. "We failed to communicate. We failed to program together."

EDP holds the promise of greatly refined experience, rate analysis, rate making, systems of cost accounting, budget and control and sales forecasting, he said. He expressed regret that the entry of the business into electronic billing, the most elementary area of EDP, has caused such a furor.

Mr. Niggerman urged Alaskan agents to remain alert and receptive to change and to move with the trends he had described.

Standard Accident Names Fraser At Cincinnati

Standard Accident of Detroit has appointed William F. Fraser a field representative in the bond department at Cincinnati. He had been a bond underwriter at Washington.

Mr. Fraser joined the company in 1957 as a bond underwriter in the home office contract bond department and remained there until his transfer to Washington in 1959.

Dayton Agents Elect Lamb

Dayton (O.) Fire & Casualty Underwriters have elected Charles D. Lamb president, Edwin J. Swiesler and James O. Easterday, vice-presidents, and Bradley Schaeffer executive secretary-treasurer. Paul E. Whitenack and Gene E. Ruggles were named directors.

Edwin H. Coggeshall, executive vice-president of Mutual Ins. of Pennsylvania has retired. He was in the business more than 40 years, almost 33 with Mutual of Pennsylvania, which he joined in 1929 as assistant secretary and underwriting manager. He was advanced to secretary in 1936 and became executive vice-president in 1960 when Perkiomen Mutual became Mutual of Pennsylvania. He had served in many organizations affiliated with the business.

Personalities at the Zone 4 meeting of NAIC last month at Milwaukee as photographed by Harry H. Fuller, liaison man of the National Bureau and the insurance departments. From the left: Robert E. Dineen, vice-president Northwestern Mutual Life and former New York superintendent; Chase M. Smith, senior vice-president Lumbermen's Mutual Casualty; Robert H. Rydman, general counsel North American Life & Casualty, with the Minnesota commissioner, Cyrus E. Magnusson; Donald P. McHugh, counsel to the Senate subcommittee on anti-trust and monopoly, and Joseph S. Gerber, Illinois director and chairman of the subcommittee of NAIC that is studying state rate regulation; Edward Kraus of Wisconsin Compensation Bureau and Robert D. Heitzman, assistant general manager National Council on compensation insurance; Walter G. Dithmer, midwest regional manager of Insurance Information Institute, and Henry Griffendorf, midwest manager of the National Bureau; Paul M. Rogan president Mortgage Guaranty Corp. of Milwaukee, former Wisconsin commissioner, and Melvin L. Stark, midwest regional manager Assn. of Casualty & Surety Companies.

IRIC To Vote On Rate Bureau Status

(CONTINUED FROM PAGE 1)

business. The ability of each such organization to act with due consideration to the local needs of companies and producers in respective rating jurisdictions "is of great value. The member companies of Inter-Regional support this principle."

Inter-Regional will continue to provide a medium for research and advisory recommendations on forms of coverage, rules and bureau procedures with the object of providing maximum assitance to each cooperating rating organization.

Resignees Might Reconsider

It was indicated by observers that some of the insurers that had given notice of intent to resign might reconsider that action in view of the move to become a national rating organization. However, it is also well known that a few companies oppose such a national rating unit and have so expressed their views in the past.

It is pointed out, however, that if IRIC did not do the work it does, some organization would have to be invented to do it. The work product represented in its recommendations to rating bureaus on many lines is not produced by any other organization, bureau or advisory. For this reason, the idea of becoming a rating organization is not regarded as a threat to local rating bureaus.

Several of the influences that have made IRIC membership restive (along with the membership in other organizations) in recent times are those which have tended to make the entire business restive—increased competition, narrower rates, and the need of moving quickly in times of underwriting and competitive losses. In addition, there has been some concern over criticism of IRIC and other advisory organizations by the Senate anti-trust and monopoly subcommittee, criticism which emphasized that the advisory organizations generally are not as closely regulated as the rating bureaus. In that connection, IRIC currently is being undergoing a convention examination by National Assn. of Insurance Commissioners.

Schmitt Is Named

William H. Schmitt, formerly special agent at Baltimore, has been appointed assistant regional manager at Philadelphia by Boston group. He will be associated with H. Bradley Sexton Jr., resident secretary. Mr. Schmitt joined the group in 1953 as special agent in Baltimore covering Maryland and District of Columbia. He has served as an officer of Maryland-Delaware Insurance Club and Maryland Rating Bureau.

Inter-Regional Has New Office Package

Inter-Regional Insurance Conference has recommended to fire rating organizations a new special multi-peril package for offices. Available to both owners and tenants, the new form discounts by 20% the cost of the coverages if purchased separately.

The policy covers the regular fire and allied lines hazards and has limited glass breakage and water damage features. Burglary protection is provided by endorsement and not as a basic cover because of anticipated demand for burglary and theft under the policy. Products liability is also available by endorsement on a regular or limited basis.

Other optional covers are extra expense, robbery, personal injury liability, elevator collision, watercraft and loss of rents. Comprehensive crime is not included at this time since studies indicate need for specialized treatment.

The rating procedure has been simplified but retains the basic concept of other special multi-peril packages. It is mandatory to insure both buildings and business personal property when they are under one ownership. Where this is not the case, they may be insured separately. The policy has the standard deductibles of the special multi-peril forms.

Return Commission Rule Voted Out In Washington

Washington Assn. of Insurance Agents voted at its annual meeting to delete the return commission by-law. The vote was by an overwhelming margin, as had been predicted on the basis of previous action in the larger cities.

The by-law provided that a succeeding agent or broker stand any return commission as a result of cancelled policies. A second part provided that upon audit or installment-type policies the new agent or broker would pay return commission or take additional commissions coming due after the take-over date.

Fire Talk At Twin Cities

Jay W. Stevens of Orinda, Cal., executive secretary International Assn. of Fire Chiefs, spoke at the fall joint meeting of Minnesota Blue Goose and Minnesota Fire Prevention Assn. Guests included the fire chiefs of St. Paul and Minneapolis and their suburbs.

Robert S. Tkatch of Ambridge has been named head of Pennsylvania's Workmen's Insurance Fund. He succeeds Edward J. Reider of Rochester. Mr. Tkatch formerly was in the real estate and insurance business in Ambridge.

Editorial Comment

Conventions OK But Watch Out For Boats

With more agents' meetings being held in resort cities, and with several state associations planning or considering "cruise conventions," the comments of Mortimer M. Caplin, commissioner of internal revenue, at a convention of hotel men (in Washington, D. C.) are interesting.

Internal Revenue Service, he indicated, looks askance at "hour-a-day cruise conventions" and "token conventions to far-off places." The taxing unit of the federal government does not, however, argue with deductions for convention expenses where business is the main business of the meeting. But it is not allowing expenses incurred by wives and children or for side trips during the convention.

Mr. Caplin doesn't think the legitimate conventioneer has too much to worry about. Analysis of a number of tax returns shows that IRS disallowed only 3% of convention expenses. This compares with 14% of club dues disallowed, 16% of business gifts, 22% of apartment and suite maintenance, and 33% of yachts and boats.—K.O.F.

Conflict Of Interest In Agency Insurers

Approximately 80 stock fire and casualty insurers in the U. S. are owned and operated by agencies and some 25 of the more sizable mutuals are operated by agents. In addition, other stock and mutual companies have agents as directors.

It is not surprising, then, that in the discussion of conflict of interest currently going on that the question would arise, does the participation in the management of an insurer by agents create the possibility of a conflict of interest? The commissioners are putting an interrogatory in the annual statement next year on conflict of interest generally.

As one subscriber puts it: "It is a rather common practice for mutual fire, casualty, and multiple line companies to have as directors a majority representation of large agency producers. This majority group could, and allegedly does at times, propose and adopt company merchandising practices that favor agency production at the possible expense of the best interest of the company. The influence of these director agents may be exerted in the area of deviations, commissions, contingents, or underwriting and claim exceptions."

This is an area in which conflict might very well arise. However, some states (and perhaps all of them) have been closely watching companies that have agency ownership, operation, or direction. They have been doing so, via departmental examination of insurers, for years.

The annual statement long has contained an interrogatory on commissions. Department examiners check for any unusual commission arrangements which might reveal favoritism. They also check to see whether or not the company is taking junk business as an accommodation to an agent-director.

In a sense, then, this particular area of possible conflict already is and has been under scrutiny. Consequently, the new conflict of interest interrogatory is not likely to turn up anything improper. By and large, if there had been improprieties of this kind, they would already have been disclosed and dealt with.—K.O.F.

Personals

William A. Sullivan, retired Washington commissioner, has been elected a director of Olympic National Life of Seattle.

Darrell F. Johnson, New York broker and reinsurance intermediary, is convalescing at his home in Rocky Hill, N. J., after a long siege in the hospital. He is former U. S. manager of Guarantee of North America.

Wendell G. Cleaver and **John H. Endres**, Peoria agents, have been named 33rd degree Masons. Mr. Cleaver is past president of Peoria Assn. of Independent Insurance Agents and a director of the Illinois association.

Dean Musser, whose resignation effective Nov. 1 was announced recently, is joining American Guaranty Life of Portland as 1st vice-president. He will represent the company at the meeting of National Assn. of Insurance Commissioners in Dallas in December.

John W. Peck, newly appointed federal district judge in Cincinnati, is a brother of **Arthur M. Peck Jr.**, past president Cincinnati Insurance Board. The agency was founded by their father, A. M. Peck Sr. Judge-designate Peck has served on the Ohio common pleas and supreme courts.

L. V. Lampson, charter member of the Insurance Agents Assn. of Montgomery-Prince George's Counties, Md., has been elected to the newly created post of permanent honorary member. After a time with Travelers group department in Chicago, in 1921 he moved to Takoma Park, Md., and helped organize the Citizens Bank. He was vice-president of the bank 1929-1939 and president from 1939-1944. He retired from the Lampson & Ashley agency of Takoma Park last May, but continues to be active in the life insurance business.

Howard M. Starling, Washington representative of Assn. of Casualty & Surety Companies, is in the hospital there for a checkup and tests.

Deaths

Mrs. THEKLA A. WALLACE, vice-president of the Anderson-Hopkins-Wallace agency of St. Joseph, Mo., died. Her father is Leo V. Anderson, prssident of the agency, and her husband, Lewis H. Wallace, is a member of the firm.

RUSSELL H. RANGER, 60, assistant secretary of Loyalty group died Sept. 26 at the Orange, N. J., Memorial Hospital. He had served at the home office in Newark continuously from 1929. He was appointed assistant secretary of general accounting in 1949.

JULIUS H. ROSENBERGER, 69, retired president of American Mutual Fire of Lyndon, Ky., died of a heart attack.

ARTHUR M. BREMER, 50, executive vice-president of the Philadelphia agency of Ostheimer & Co., died at his home in Gladwyne.

MILTON M. WEISS, 55, president and founder of Animal Ins. Co., New York, died. He had been a broker 25 years before organizing the insurer in 1957.

CARL A. PFOST, 66, manager of the fire division of the New York brokerage firm of Flynn, Harrison & Conroy for 25 years, died.

Mrs. DOROTHY NELSEN, wife of Jack O. A. Nelsen and mother of Barry Nelsen of the Jack O. A. Nelsen & Son Agency, Wauwatosa, Wis., died of a heart attack at her home.

WALTER G. HOLT, 76, who retired in 1950 after 30 years as manager of London & Lancashire at Indianapolis, died there in Methodist Hospital.

Stocks

By H. W. Cornelius of Bacon, Whipple & Co., 135 S. LaSalle St., Chicago, Oct. 10th, 1961

	Bid $	Asked $
Aetna Casualty	143	148
Aetna Fire	117	120
American Equitable	21	22½
American, Newark	29	30
American Motorists	27	30
Boston	39	41
Continental Casualty	107	109
Crum & Forster	50	52
Federal	68½	70
Fireman's Fund	64	65½
General Re.	167	172
Glens Falls	44½	46
Great American	54	55
Hartford Fire	88½	90
Hanover	47½	48½
Home of N.Y.	63½	64½
Ins. Co. of No. America	103½	105½
Jersey Ins.	34	36
Maryland Casualty	41	42
National Fire	151	Bid
National Union	47	48
New Hampshire	62	64
North River	45	46½
Ohio Casualty	28	30
Phoenix, Conn.	118	120
Prov. Wash.	23	24½
Reins. Corp. of N.Y.	23½	25
Reliance	63½	65
St. Paul F. & M.	85	86½
Springfield Ins. Co.	41	42
Travelers	153	157
U.S.F. & G.	68	70
U. S. Fire	35	36

TIRB Marks 25th Year

Transportation Insurance Rating Bureau, Chicago, celebrated its silver anniversary at the annual meeting. W. H. Rodda, manager of the bureau, reported that the 295 member and subscriber companies will write over $200 million of premiums under bureau's filings in 1961.

Companies elected to serve as the bureau's executive committee for the coming year are American Manufacturers Mutual, Central Mutual, Federated Mutual Implement & Hardware, Grain Dealers Mutual, Hardware Dealers Mutual, Indiana Lumbermens Mutual, Liberty Mutual, Nationwide Mutual, and Worcester Mutual.

Indications are that inland marine premium writings will again be up at least 10% in 1961 and that homeowners premiums will rise 40%. Loss ratios continue satisfactory in spite of heavy windstorms in some areas, and rate reductions to meet current underwriting trends.

THE NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance

Published by The National Underwriter Co.

EDITORIAL OFFICE
17 John St., New York 38, N. Y.
Tel. BEckman 3-3958 TWX NY 1-3080
Kenneth O. Force, Executive Editor
John N. Cosgrove, Associate Editor
Jud Higgins, Assistant Editor

CHICAGO EDITORIAL OFFICE
175 W. Jackson Blvd., Chicago 4, Ill.
Tel. Wabash 2-2704 TWX CG 654
John C. Burridge, Managing Editor
Assistant Editors, William Faltysek and R. R. Cuscaden
Marjorie Freed, Barbara Swisher and Nancy Wells, Editorial Assistants

OFFICERS
John Z. Herschede, President
Louis H. Martin, Vice-President
Kenneth O. Force, Vice-President
H. P. Gravengaard, Vice-President
Robert B. Mitchell, Vice-President
George C. Roeding, Vice-President
James C. O'Connor, Secretary
Joseph T. Maloney, Treasurer

ADVERTISING OFFICE
175 W. Jackson Blvd., Chicago 4, Ill.
Tel. WAbash 2-2704 TWX CG 654
Raymond J. O'Brien, Advertising Manager

BUSINESS OFFICE
Charles P. Woods, Sales Director
420 E. Fourth St., Cincinnati 2, Ohio

REGIONAL SALES MANAGER
Fred Baker, Atlanta
Paul Blesi, Cleveland
Alfred E. Cadis, Dallas
David Chapman, Des Moines
William J. Gessing, Detroit
Clarence W. Hammel, New York
Roy H. Lang, Boston
James E. McSurely Jr., New York
Howard J. Meyer, Minneapolis
William D. O'Connell, Chicago
Raymond W. Rieke Jr., Los Angeles
George C. Roeding, Cincinnati
A. J. Wheeler, Chicago
Ronald W. Taylor, Boston
Robert J. Wieghaus, Chicago
George E. Wohlgemuth, St. Louis
Willis H. Yocom, Denver
Robert I. Zoll, Philadelphia

SUBSCRIPTIONS: Address all communications to the National Underwriter Co., 420 East Fourth Street, Cincinnati 2, Ohio. Price $7.50 a year (three years $20); Canada $8.50 a year (three years $23); foreign $9 a year (three years $24.50). 30 cents a copy, back copies 50 cents. CHANGE OF ADDRESS: Enclose address sticker and Post Office form 3579 with new address, send to 420 East Fourth Street, Cincinnati 2, Ohio. Allow three weeks for completion of change.

Comments On The Insurance Field From The Investment Dealer's Chair

By LEVERING CARTWRIGHT

Cartwright, Valleau & Co., Board of Trade Building, Chicago

Interest shifted among insurance stocks last week to the fire-casualty list. With the hurricane story for 1961 totted up and with a brighter aspect to the stock market, buyers took a new look at the property insurers and some excellent gains were recorded. Fireman's Fund recovered to the point at which there had been a secondary share offering of 50,000 shares prior to the Carla-Esther scare, the offering price on Friday being 65. The gain for the week was 3¼ points.

Hartford Fire added 2½ points to its 6½ gain of the previous week. Boston Insurance at one stage during the week was 41½ bid and closed Friday at 39¼, up 3. U.S.F.&G. was aggressively accumulated and at 68 bid was 3½ higher for the week. Other plus signs included Aetna Fire 2, Employers Group 2, Federal 1¾, Hanover 2½, Home 1¼, National Union 2, New Hampshire 1, Northern 1¼, Phoenix 2 and Reliance 1.

It was a matter of all buyers in General America Corp., accompanied by rumors of something good in the offing. Offerings were scarce and bids of 235 were 15 points higher than the week before.

General Reinsurance was down for a change. At 162 bid it was off 3 points. Continental Casualty was lower.

—|||—

In the life list, profit taking at the end of the week affected the majors that had been scoring such sensational advances. Aetna Life for the week was off 8 points, Travelers was unchanged for the week at 162, after having been up to 174 earlier. Connecticut General at 294 was up 12 for the week but had sold at 303 earlier. Lincoln National, however, didn't waver and closed the week at 160, up 9. There was a scramble to buy Northwestern National Life and the bid reached 145. Strong bidding continued for Old Line Life, but owners weren't letting loose. The bid was 90, up 10.

Beneficial Standard Life couldn't hold its sharp gains and dropped from 51 to 46. Gulf Life was 1½ lower. Standard Life of Indiana was all on the bid side at 80, up 5. Jefferson National Life was also wanted, with no stock available. American General gained back the rest of the 10 points that it lost in the Carla spasm and closed at 72½ bid, 3 points better.

Transamerica had a good week, up better than 4 points. This might have been triggered by the prior advance in the Trav-AEL-CGL-LNL group, thus seeming to put TA behind the market.

Great American Life Underwriters recovered just about all it lost following the 11 for one split. At 180 bid it was up 20 points from the post-split low.

Interstate Life & Accident was up better than a point at 13 bid.

—|||—

Capital Shares, the new mutual fund largely invested in insurance stocks, continues to enjoy a meteoric growth. At Jan. 1 its assets were $2½ million, at June 30 they were $15 million and presently they are $40 million. Harold Ryan of Nyack presides there and is making a big impact.

Buying interest has been developing in Ohio Csaualty. This has long been in a market rut despite the fact that its underwriting results are outstanding and that it has entered the life insurance field.

International Holdings Corp. added as new investments 2,500 Aetna Life and 3,300 Travelers.

American States was quoted 26½ bid in Indianapolis following word of the acquisition of the business and agency plant of Dubuque F.&M. That was up one point.

Laird, Bissell & Meeds put out a comparison of six month results of property insurers. They observe that in the past it was rare for a fire company to give semi-annual results. There was some logic to this reticence, for the two semi-annual periods were not comparable. In the first half of the year occurs the period of heavy fire losses. In the tabulation are shown liquidating values at the end of the first half of 1960 and 1961, adjusted underwriting results, investment income, federal tax and net earnings.

—|||—

World Wide Reinsurance of Yankton, S. D. (formerly Dakota Reinsurance) has filed an SEC registration statement covering 4,800,000 shares to be offered at $1 per share. Harold R. Bell & Associates will handle the offering on a 15% selling commission. There are presently 5,500 shares which are owned by the management group.

The Commercial & Financial Chronicle Oct. 5 has an article "Fire & Casualty Insurance Stocks in the Hurricane Season." The course of the insurance stock market as it was affected by Carla and Esther is traced. "Despite the hurricanes most fire and casualty stocks are now selling at market levels at or above those existing at the beginning of September as the bull market in insurance stocks continues," the author says.

New Wis. Insurer

United Central Fire is being organized in Milwaukee by a group of real estate, insurance and mortgage lending people to specialize in dwelling business. David W. Goodman, real estate developer, is head of the organizing group, and United Central Fire will have offices in Mr. Goodman's real estate headquarters.

Two million shares of stock are authorized in United Central Fire, of which 400,000 are being sold currently at $1.40 a share with certain options to purchase additional stock at fixed oprices. Mr. Goodman said 280,000 shares have already been subscribed.

Others active in the formation of United Central Fire are G. L. LaBonte, Milwaukee real estate man; James Rehberger, Milwaukee insurance man; C. L. Goldberg, real estate attorney; Robert C. Pittelkow, president Equitable Savings & Loan, and D. L. Doherty, Milwaukee agent.

Kansas Rules On Medical Payments Funeral Coverage

TOPEKA—The Kansas department has notified companies writing automobile, homeowners and personal liability insurance that they will be expected to construe the medical payments feature of the coverage, in a death claim, as including the cost of opening and closing the grave and the cost of a burial plot.

Standard medical payments provisions include "reasonable expenses" for "funeral services." For many years, there has been argument about just what expenses are included in this expression. The question apparently has not been considered by a court. The problem has been aggravated by the increasing number of insured carrying high medical payments limits. A $250 ot $500 limit is usually exhausted by the medical and embalming bills, but a $2,000 limit—not at all uncommon today—leaves room for argument in these cases.

Polled Insurers

Commissioner Sullivan's bulletin states that 278 companies writing business in Kansas were polled on these two matters and also on their attitude toward paying for a grave marker. An overwhelming majority said they have been paying for opening and closing the grave, a very slim majority—143 to 135—for the cost of a burial plot; while a heavy majority were against paying for markers. The acknowledgement which the companies are expected to sign states that they will pay for the first two items "until such time as contrary Kansas case law is made or our policies on file with the Kansas insurance department are clearly amended to delete coverage for these items."

Accept Automation With Good Grace, Agents Are Advised

JACKSON, MICH.—Agents must accept with as good a grace as possible the trend toward automation which is superseding many time-honored agency practices. That advice was given members of Jackson Assn. of Insurance Agents by Thomas Nuckles, vice-president and sales director West American.

Mr. Nuckles said major companies are steadily adopting mechanisms to write property and auto policies and take over many of the routine activities formerly handled by independent agents. He said agency writing of policies, handling of billing and collections is being rendered obsolete.

"This practice," he said, "is no more up to date now than would be the hand-made automobiles of 50 years ago. The trend to automation will mean reduced commissions per policy for the agents, of course, but they will be relieved of much of the office work they're accustomed to having done in their own agencies. The new method will put the local independent agent back where he belongs—out in the field as a salesman. . ."

Wisconsin Agents Meet At Milwaukee

New Wisconsin officers: From left, Robert D. Buttenhoff, Eau Claire, president-elect; J. W. S. Gallagher, Madison, president, and Robert McKenna, Green Bay, vice-president.

Workshop Sessions Provide Tips To Agents Writing Personal, Large Lines

The Wisconsin association re-ran at its Milwaukee convention a feature that was the outstanding success of the meeting in 1959—simultaneous panel discussions that were repeated once so that all agents had an opportunity to take them in. In 1959 there were three panels and the traffic congestion between meetings was too much. This year there were two, and both panels had a good attendance. The panels, or workshops, were designated large lines and personal lines. At one of the sessions of each panel there was an overflow attendance.

Personal Lines

The personal lines workshop featured T. L. Mulcahy, associate manager at Chicago of National Fire; B. P. McMackin Jr., associate editor the Fire Casualty & Surety Bulletins, and Harland Klipstein, Madison, who acted as moderator.

Mr. Mulcahy pointed out that an agent formerly faced competition at expiration time. Now, what with the television and newspaper advertising of non-agency system companies, competition is a 24 hour a day matter. Companies which support the American agency system are suffering, in terms of this type of competition, from

(CONTINUED ON PAGE 50)

Large Lines

John J. Batenburg of Racine presided over the large lines agents workshop, the panelists being Audrow Nash, superintendent of sales promotion in the fire and casualty department of Travelers, and Stanley McPherson, insurance manager of Pittsburgh Plate Glass Co. Mr. Nash spoke

(CONTINUED ON PAGE 47)

Heins Looks At Regulation In 1980

In his address at the annual meeting of Wisconsin Assn. of Insurance Agents last week in Milwaukee, Richard M. Heins, professor of insurance at the University of Wisconsin, discussed some of the possibilities of how the business would be regulated in 1980. Mr. Heins is the consultant to the Senate subcommittee on anti-trust and monopoly that is studying insurance regulation.

He offered some background of the subcommittee investigation, saying that in his opinion it is being conducted in full good faith. The present Senate investigation is not a witch hunt, although the anti-trust nature of the subcommittee puts greater stress on the rating bureau issue, Mr. Heins feels. The conclusions the subcommittee has reached are not a wild and scurrilous attack but a set of objective findings that have come from a thorough review of the business.

Others Want In The Act

He cautioned that other commissions and groups in the government are eager to pick up the insurance study and they have more axes to grind than the anti-monopoly subcommittee. The business has had a clean bill of health generally so far, but there is the possibility that the present

(CONTINUED ON PAGE 51)

Panel Reviews Year Of Success In Legislation-32 Wins, No Losses

A brief rundown of the 32 insurance bills that were passed in the last Wisconsin legislative session were given members of Wisconsin Assn. of Insurance Agents at their annual meeting in Milwaukee by a panel headed by Commissioner Charles L. Manson. Members of his panel were Paul H. Mast, the Wisconsin executive secretary; Charles J. Timbers, deputy commissioner; Stanley DuRose, assistant deputy; Jerome A. Scheibl, department rater, and James C. Herrick, the association counsel.

The cooperation between the agents and the insurance department, Mr. Mast said, was the key to the most successful year the Wisconsin agents have ever had in the legislature. This was backed up by strong home town support that included the writing of letters and personal contacts with legislators. As an example of what this was able to accomplish, Mr. Mast said that Lloyd's, Health Insurance Assn. and the mutuals opposed enactment of the surplus lines bill, but it went through by a resounding majority.

Success Breeds Power

The success of the agents has bred success, he observed. For example, the strength behind the compulsory auto bill has dwindled to practically nothing, and the fact that the agents are known to oppose it and are now known to have such potency has contributed to this.

These are all lessons for the future, Mr. Mast said. The agents now know how to operate and how to make their voice heard. It is obvious, he pointed out, that these things are not accomplished easily.

Some aspects of the surplus line bill were related by Mr. DuRose. This bill received a good deal of fanfare. It provides that the agent must collect a tax on surplus business and pay it annually. The tax money has to be kept in a separate account. Surplus lines agents now will pay a fee of $100 instead of $15 as formerly, and in

(CONTINUED ON PAGE 51)

Doherty Comments Candidly On Issues

Donald L. Doherty, Milwaukee, in his report as president of Wisconsin Assn. of Insurance Agents at the annual convention at Milwaukee last week offered some observations on current events of the business.

Automation, Mr. Doherty said, can be valuable to agents and companies. Direct billing and continuous policies, which are the outgrowth of automation, are already being used by half of the agents in the country, and it seems inevitable that they will be taken up by all of them. Ownership of expirations is not in danger if continuous policies are used, he said, because ownership is a matter so well established in the company-agent relationship. Anyway, the insured is the real owner.

No Need For Commission Law

Mr. Doherty sees no need for the adoption in Wisconsin of a "freedom of contract" law. He doesn't want to have to go to the legislature to guarantee the right of negotiation with the companies. In the long run, he observed, such laws can hamper freedom of action. The agent should be his own boss.

He endorses the NAIA stand in opposition to agency purchases by companies, and endorses the NAIA opposition to the extension of the sale of insurance through vending machines.

On package policies Mr. Doherty has

(CONTINUED ON PAGE 47)

Program Beats Competition Of World Series

Gallagher Advances To Presidency; Celebrate Legislative Successes

By JOHN BURRIDGE

MILWAUKEE—Wisconsin Assn. of Insurance Agents wrapped its annual convention program around the play of the first two games of the World Series, and offered enough attraction that the sporting event failed to outdraw the speakers. Attendance came to 650, good for a Wisconsin convention, and enthusiasm over an unprecedentedly good legislative year gave backbone to discussions of the theme—"A Forward Look In Insurance."

J. W. S. Gallagher, Madison, president-elect, moved up to replace Donald L. Doherty of Milwaukee as president, and Robert D. Buttenhoff, Eau Claire, moved into the successor's post. Robert McKenna of Green Bay was elevated from the board of directors to vice-president, also going into line for president two years hence.

Baer Is Reelected

Neil R. Baer, Madison, was reelected secretary-treasurer, and Arthur R. Moss of Beloit was reelected state national director. Mr. Doherty spends one more year on the official roster as chairman.

Named to replace Mr. McKenna on the board for a one year term is Robert Clayton of Milwaukee, and new members for three year terms are L. J. Walker, Berlin, and Ralph Voigt, Merrill.

The principal resolutions adopted at the final general session commended Commissioner Manson and his staff for their leadership in promoting good insurance legislation, supported the prior approval stand of the national association but called attention to the commissioners of the importance of expeditious processing of filings, and ordered the casualty committee to work

(CONTINUED ON PAGE 52)

Members of the panel that discussed legislative developments in Wisconsin at the annual meeting of Wisconsin Assn. of Insurance Agents: From left, James C. Herrick, counsel of the Wisconsin association; Paul H. Mast, executive secretary; Commissioner Charles L. Manson of Wisconsin, and three members of his department—Jerome A. Scheibl, rater; Stanley DuRose, assistant deputy, and Charles J. Timbers, deputy commissioner.

961

e

of
ual
of
es,
the
the
od
en-
od
is-
rd

si-
ld
nt,
re,
ert
ed
e-
es-

ed
R.
a-
ne
as

on
rt
n-
J.
r-

at
ed
or
n-
or
o-
n-
x-
r-
k

n
s
e
s
-

C

Y
o
A
s
r
t
a
S
c
E
N
d
i
r
P
v
d
c
r
t
i
r

A
M

a
ch
m
m
hi
ar

ty
by
in
m
or
ag
as
tio
le
te

tio
pe
ty
tr
th

pr
m
m
m

go
sio
so
ap
m
yo
of

ne
Th
da
pr
m

hi
fo
le
bu
at

ag
tir
th
Th
te
tr
le
di
so

fo
in
lie
ar
in
in
m

Officials of New York State Assn. of Insurance Agents at the insurance booth maintained by their organization at the New York State Fair in Syracuse. At right is Raymond A. Muth, Newark, president, and with him is George A. Kramer Jr., Williston Park, executive vice-president. The booth contained a wide range of materials to acquaint the public with many aspects of insurance with emphasis on the independent agent as the best source of protection. Aetna Casualty's well known mechanical test of driving ability was also a feature of the booth.

Automatic Typer Is Merchandising Aid

The automatic typewriter provides a superior weapon for direct mail merchandising, Richard B. Elliott, Richmond, Va., member of NAIA's agency management committee, declared in his talk at that unit's workshop at the annual meeting in Dallas.

His agency, which has an autotypist, sells and solicits many accounts by mail. The agency found that an individually typed letter obtained a much better result than a printed form or brochure in direct mail selling. The agency deals with professional people as well as banks, and other organizations. These people read personal letters, but file form and printed matter in the waste basket.

A wholesale drug firm operating nationally out of Richmond found that personalized letters made on an autotypist and addressed to doctors country-wide drew a 60% better response than printed non-personalized letters.

Mr. Elliott's uses the auto-typist for pre-approach letters. The letter is mailed and a telephone contact is made within five days for an appointment. Naturally, sales result.

Mr. Elliott said that his agency is going into a company sponsored subsidy program for additional sales personnel. Use of the auto-typist as pre-approach letters will become more and more important to the subsidized young men as well as to the members of the agency.

His firm is also considering and is negotiating an agency consolidation. The auto-typist can assist the consolidated agencies to organize their sales procedures and office organization more effectively.

Describing use of the auto-typist in his agency, Mr. Elliott said it was found that the 'lead' girl could type a letter at the rate of 75 words a minute but the mechanical device could type at a much faster rate.

In reviewing its correspondence, the agency found that a great deal of routine correspondence could be put on the auto-typist in standardized letters. This includes letters to companies, letters to insured, claim letters, letters of transmittal proposal letters, collection letters, and others. All letters are individually typed and completely personalized because each is an original.

Mr. Elliott says his firm has been following a trial and error procedure in the use of the new machine. He believes in an exchange of ideas, of forms and of standardized material. Accordingly, he recommends that a pool of information on forms, letters and other material should be established by the agency management committee, so that agents could call for samples and suggestions used successfully by others.

Every agency interested in expansion and in merchandising insurance through a programmed approach, and with a volume of $100,000 or more, is more than justified in the expense of an automatic typewriter, Mr. Elliott concluded.

North America Develops Continuous Cargo Form

North America has developed a combination inland transit-ocean marine package policy.

The continuous cargo contract eliminates the need for separate policies, since it includes essential protection in one comprehensive, convenient policy with one premium payment plan. By combining the various types of loss experiences covered by the policy, the company is able to rate each risk separately, thus spreading the total cost. The policy is effective regardless of the conveyance used—aircraft, watercraft, motor vehicle or rail.

The new contract is designed for U. S. and Canadian shippers, importers and exporters who require coverage for products and goods transported overland to domestic shipping points and to or from locations overseas.

—

Atlantic Mutual Makes Midwest Field Changes

Atlantic Mutual has appointed Michael R. Giblin state agent at Milwaukee. He replaces Wesley R. Nordstrom, who is transferred to Kansas City. Mr. Giblin was previously with America Fore Loyalty in Wisconsin and Ohio.

Richard A. Graupner, formerly state agent in Toledo, has been appointed state agent in Cleveland. Kent Van Schoonhoven, formerly special agent in Columbus, has been promoted to state agent and assigned to Toledo. Herbert G. Steele has been appointed special agent at Columbus. For the past several years he has been an underwriter with American Casualty in Cleveland.

—

Ask 22.3% Blue Cross Hike

Hospital Service of Lima, O. (Blue Cross), has asked the Ohio department to approve a 22.3% increase in rates which would boost payments more than $721,000 a year. The proposal excluded any boost for senior citizen contract rates. Lima Blue Cross rates were last increased 20.5% April 15, 1959.

Gaffney, Sedwick Present Capsule Education In Bonds

(CONTINUED FROM PAGE 18)
new rating procedures—all of which will have for their objective sound and more equitable premium charges as between risks and as between primary and excess coverage.

Mr. Gaffney mentioned several areas in which agents have marketing opportunities. For example, it has been estimated that only 10% to 20% of the business and industrial enterprises in the U.S. are protected by mercantile fidelity bonds. The total loss that industry and business now bear, due to the dishonesty of employes and because of under-insurance or no insurance for this risk is astronomical.

Few incidents shake a community more than a huge dishonesty loss that causes the closing of one of its banks or its only bank. Moreover, it has happened that when the loss is underinsured, not only the depositors and stockholders of the bank suffer but as a result of the chain reaction that often sets in, hardship and loss visit many of the general public.

With this in mind and at the urging of American Bankers Assn. the surety companies made available to commercial banks, coverage for employes' dishonesty under form 28 in the amount of $1 million for employe dishonesty losses, excess over specific underlying amounts. The charge for this coverage usually ranges from $350 to $675, Mr. Gaffney said.

He noted that from 1955 to 1960 there were 42 banks that were underinsured to the extent of a total of over $10 million. Of these, 15 banks were forced to close their doors. The incomplete returns of 1961 show that there were three banks that suffered underinsured losses, totaling about $2.5 million.

On the other hand, during the past year and a half there were several cases where losses were averted because the banks carried the new form 28. In one case, a bank with deposits of $2,255,000 suffered a loss of $873,388 and recovered in full from the insurer. In another, a bank with deposits of $5,882,000 suffered a loss of $1,562,000 and recovered from the insurer $1 million—the full amount of the coverage.

Several other bank losses totaling well over $1 million are being processed and probably will be paid in full because of the fact that the bank, in each instance, carried form 28, Mr. Gaffney concluded.

Eyes Contract Business

Mr. Sedwick's remarks were directed to the "typical agent" who does not devote his time primarily to contract bonds but has some prospects and would like to round out his service by providing bonds.

This agent should remember that a contract bond is a financial guarantee for an irrevocably fixed term. It is not insurance or anything like insurance. The agent can't cancel, and can't endorse on or endorse off policy conditions or exclusions once written. The bond, on which the customer appears as principal, is not designed for his protection. In fact, the customer, the contractor, agrees to protect and indemnify the insurance company which is acting in the role of surety, Mr. Sedwick explained. In best serving the contractor, the agent should recall that so long as he and the surety company are going arm in arm with the contractor in his construction venture, the agent must make sure that he is the kind of a man he wants to go arm in arm with. Many times, unsuspecting agents are hoodwinked by a desperate contractor.

If the contractor falls on his face and moves on to his "next way station of gullibility," the cold facts are unearthed by the company's surety claim people. They find that he has been dodging creditors in three states under different corporate names; his former agent and surety have gotten wise to him and have quietly dumped him; his wife is divorcing him with glowing alimony demands; the Internal Revenue Bureau is on his trail, and his financial statement is more a product of imagination than fact.

Agent Obligations

In other words, if an agent is going to enter the intimate relationship of sponsoring a principal for suretyship, the agent should know who he is, what he is worth, and what he is capable of doing. The agent is really appraising a situation of competence and finances even more far reaching than a lending banker who can call his loan or set off a deposit, Mr. Sedwick said.

The relationship of surety agent to principal-customers should be entered deliberately with the idea of considerable permanence. Surety companies of standing have a vast storehouse of knowledge and information in their

In Security-New Amsterdam headquarters—W. R. Aiton, Dallas, special agent; R. B. Meagher, Dallas manager; Miss Lucille Glisson, Covington, La., agent; R. J. Reynolds, New York, assistant secretary American Reinsurance.

contractors' financial files. An inquiry of the banker is essential—if the agent knows the banker personally, so much the better. A check with former owners or architects for whom the prospect has done work is essential. The surety company will often undertake this for the agent.

Where the agent is soliciting the account, it is presumed he has already taken steps to know who the contractor is, in order to avoid costly effort which is wasted if the surety company rejects the prospect.

If an account is new, and the agent has checked out his background and is satisfied, the next thing to measure is financial worth. The contractor must have money or assets that are readily convertible into money, either by sale, collection or pledge. To the extent that it exceeds current liabilities, this money or "money source" is what is customarily referred to as net quick assets.

Must Get Facts

If the account is new, these assets definitely should be both apparent and real. The traditional rule of thumb has long been 10% net quick, in relation to uncompleted work on hand, including the contract price of the work currently under bidding consideration. This rule probably stems from the fact that the owner in nearly all cases holds back as retainage a sum equal to what most generally averages out to be 10%.

As the work progresses the contractor gets paid what he earns, less this retainage. Yet he has to pay his labor on a 100% basis and the same is true generally for his material. So he has to have a cash margin. Bond underwriters used to figure hopefully that this hold-back of 10% represented the contractor's profit. This is no longer the case. The median profit ratio, net after taxes on contract revenue among general contractors in 1959 was 1.33% according to authoritative findings.

In attempting to recognize net quick assets, unless the agent is a surety bond specialist or a seasoned banker, he had better gather just the facts and trust in the experienced and objective analysis of his surety company.

Concluding on the financial side, Mr. Sedwick said that the most desirable treatment is to secure a fiscal year audited statement, preferably by a public accountant, and a profit and loss breakdown, and to supplement that by interim balance sheet statements. This statement should recite the opinion of the CPA, otherwise the agent or his company's verification should proceed just as if the statement was prepared by his own bookkeeper. Full and frank disclosure of his finances by the contractor, and complete factual understanding of his financial position by the surety is necessary if a profitable and workable relationship is to come into being and develop. Obviously this takes time.

Analyze Abilities

The final phase in handling surety requirements of a contractor is to know what he is capable of doing, Mr. Sedwick declared. The agent must proceed cautiously if his commercial and institutional building contractor decides to take a whack at some bridge building. An organization successfully handling four jobs at a time may find the going rough if it doubles its volume—even if finances can be stretched to accommodate the dollar increase.

With regard to the contractor, the agent should also ask: "Does he have the equipment on hand or available?

Buckeyes and Alaskans enjoying Texas hospitality: J. R. Trainer, president Cincinnati Insurance Board; Mrs. Trainer; Mrs. E. T. Dimock, Anchorage; Mr. Dimock.

If he is going afield, is he aware of the physical, political and labor conditions at this location? How tough is the owner's representative going to be on inspection?" In many of these areas the surety company can be of great help.

Mr. Sedwick recalled that between 1950 and 1960 total nunber of contractors increased by 34%, but while total business failures increased 69%, total construction failures increased 186%. If this were graphically plotted, the construction failures curve would still be ascending at a more rapid pace than all business failures.

Mr. Sedwick reported that it has been charged that some of enterprising and too ambitious bonding agents have contributed no small part to the unhealthy financial conditions of some contractors and to the unstable market conditions of their industry. It has been held that some such agents have at times consistently encouraged the undermanned, underfinanced and inexperienced contractor to bid three, four and five times the work program he had previously handled or that he is capable of and organized to handle.

Thus it behooves agents and companies to proceed with the best skill they can muster, Mr. Sedwick concluded.

Rose And Lloyd Promoted By Newhouse & Hawley

Edwin G. Rose, casualty department manager, and Geoffrey C. Lloyd, manager of the property department, have been made assistant secretaries of Newhouse & Hawley.

Mr. Lloyd joined Newhouse & Hawley in 1956 and became property department manager in 1958. Prior to that he had been with Stewart, Smith (Ill.) and a London brokerage firm at Lloyd's.

Mr. Rose started as a casualty underwriter with Newhouse & Hawley in 1959 and the following year was named casualty department manager. Earlier he was with MacGibeny-Grupe of Chicago as a casualty underwriter.

Pa. Appellate Court Rules For First Time On Many Rate Making Issues

In upholding a fire rate increase in the state approved by the commissioner but challenged by the city of Philadelphia, the Pennsylvania superior court took occasion to comment on several issues of recurring interest to the business. These included a discussion of the difference between utilities and insurers, the rights of cities to be aggrieved parties under rate regulation, the propriety of classification of risks by location and usage, the exclusion of investment income, and the calculation of profit against premiums and not against capital.

This was the first insurance rate filing case to reach the appellate courts in the state.

Insurance rate making is a technical, complicated and involved procedure carried on by trained men, the superior court stated in its opinion. It is not an exact science. Judgment based upon a thorough knowledge of the problem must be applied. Courts cannot abdicate their duty to examine the evidence and the adjudication, and to interpret and apply the law. But they must recognize the value of the judgment of an insurance commissioner who is specializing in the field of insurance and the efficacy of an adjudication supported by evidence of experts who devoted a lifetime of service to rate making.

Pennsylvania has a large body of law governing utility rate making and no appellate court opinions on insurance rate making. Lest utility rate making rules be applied indiscriminately to insurance rate cases, the court said, it is important to note the reasons for making distinctions between the two industries.

Government gives utilities a monopoly or semi-monopoly, forbidding competition except where a need for it is shown. By denying or limiting competition, the government, in effect, guarantees customers to utilities and in exchange reserves the right to fix utility rates. Because the services of utilities are needed and cannot be obtained elsewhere, unregulated utility companies generally would have no difficulty in exacting exorbitant sums for their services.

But insurers have no monopoly and no guarantee of customers. The competition is keen, the court pointed out. Hundreds of companies often are able and willing to write the same risk. If insurers were completely unregulated by government, "the danger of undercharging, and thus being unable to pay losses, might be greater than the danger of overcharging." It was for this reason that the regulation of reserves and examinations of companies for solvency preceded by many years the legal requirement that rates must not be excessive.

Need For Control

It was not until combinations of insurers to fix rates became general and companies that joined in the combinations began using coercion to force all companies to accept the same rates, that the need for governmental control of rates became generally recognized as necessary for the public interest.

The court adds that the fair value of a utility service is determinable by the records of one or a very few companies. In regulating the insurance rates on a particular property, the records of many companies must be considered. The government cannot insist upon insurance rates so low that only the most efficient companies can survive.

"This would violate the entire concept of competition and free enterprise and probably would result in an unconstitutional taking of the property of a great number of companies," the court declared. But neither

can rates be made high enough to guarantee a profit to the least efficient. This would either discourage efficiency or produce excessive profits for the more efficient companies. Because the commissioner must consider the expenses and experiences of many companies, the particularity pursued by the governmental agency in fixing utility rates cannot be used for insurance. The legislature intended that insurance rates should be within the range between inadequate and excessive.

Losses Fluctuate

Insurance losses fluctuate far more than utility company costs, the court observed.

The rating bureau argued that Philadelphia and Pittsburgh (the latter was involved in the case but did not appeal) were not aggrieved parties under the rate regulatory act. The lower court decided in favor of the cities. Though this point was not raised on appeal, the superior court nevertheless commented that the cities are not aggrieved parties.

The court pointed out that none of the premiums paid by the municipal corporation was subject to an increased rate. Municipal corporations have standing to complain about utility rates because the legislature specifically gave them such standing. But the legislature made no such provision in the insurance rate regulatory acts. The court also reasoned that since the commissioner denied an individual purchaser of fire insurance on Philadelphia property the right to appear and be heard as an insured, then the city had no standing. If one city had such a standing then thousands of municipalities would also possess it. But if there is a contest here, it is between the rural areas, unrepresented, where insurance rates have been too high, and big city areas where they have been too low. Counsel for neither city in this case was able to cite a case anywhere in the country (and the court could find none) in which a municipality was permitted to participate in an insurance rate hearing as Philadelphia and Pittsburgh were permitted to do in this case.

Rating Zones

Philadelphia contended that the rating zones were not based on similarity of risks and construction but only upon similarity of loss experience. Philadelphia had objected to being zoned alone, Pittsburgh to not being zoned alone.

On this point the court said that all geographic boundaries, whether for governmental or insurance rating purposes, are in a sense arbitrary, but useful, nevertheless. Analysis showed that fire frequency in Philadelphia's "fire belts" was three times that of other city areas. So the city was divided into A and B areas. Under this plan no rate changes were made for 90% of the single family owner occupied dwellings and for 57% of the one to four family units in the city. The principal increase falls on the tenant occupied multi-unit houses in fire belts where the loss ratio for dwellings, 1952-56, was 61.8. Classification by location and usage is reasonable, the court declared, where consistent experience establishes that properties in that location are prone to have fires.

Investment Income

Philadelphia contended that income from investment of unearned premiums was improperly excluded in the calculation of the 5% profit factor. Here the court tersely commented that the legislature, by using the term "underwriting profit," intended to exclude consideration of investment income.

The city also argued that underwriting profit must be calculated as a percentage of invested capital, not as a percentage of premiums. To this the court replied, "underwriting profit has a firmly established meaning in the insurance industry and in insurance law. It is calculated on premiums and not invested capital."

The court also ruled that the catastrophe allowance of 1% is reasonable, that the city (the complainant) had the burden of proof and not the commissioner, and that, contrary to Philadelphia's contention, the evidence in support of the rating bureau's filing "is overwhelming."

Rowe Joins National Mutual Assur.

William P. Rowe has joined National Mutual Assurance of Allentown, Pa., member of the Stuyvesant group, as superintendent of agents. He has been in western Pennsylvania for Corroon & Reynolds group and has agency and home office underwriting experience.

J. S. Kemper Agency Names V-Ps

James S. Kemper & Co. agency of Chicago has elected Joseph J. Price vice-president in charge of office administration and procedures and Robert L. Smith vice-president in charge of casualty underwriting. Mr. Price has been with Kemper group for 31 years and Mr. Smith for 20 years.

Travelers To Give Women Answers To Insurance Questions

Travelers group has instituted an information service for women with questions about insurance—their own, their husbands, or their families. The women's information bureau, under supervision of Jean Kinkead, the group's consultant on women's problems in the insurance area, will answer mail queries on life, A&S, property, and liability insurance problems. Information will be provided on matters of interest to women such as family medical care and children's education.

J. Doyle DeWitt, president of Travelers, noted that women own $80 billion of life insurance and are the beneficiaries of 65% of all death benefit payments. Working women, married or single, are becoming increasingly familiar with group insurance—six million women own approximately $25 billion of group life. Women are increasingly interested in information about protection against loss.

Company Pays In Full But Another Must Pay Pro Rata

An insurer is required under the terms of a contract for medical expenses to pay its pro rata share, even though insured may have been paid in full by another company, the appellate division of the New Jersey superior court has held.

The case involved an accident in which the infant daughter of Mrs. Alda T. Johnson was injured in Mercer County while riding in the car of John Pouris. Mrs. Johnson incurred medical expenses of $967 for her daughter. She recovered from Pouris' insurer but then sued New Jersey Manufacturers Indemnity to recover $193 under her own family policy as the pro rata share.

A novel factor in the suit was that neither the court nor opposing counsel were able to find "apposite judicial precedent in this relatively new field of insurance coverage."

The Mercer County district court upheld the award to Mrs. Johnson as did the appellate division, the latter pointing out: "The defendant was by the terms of its contract obliged to respond to plaintiff for its pro rata share of plaintiff's losses, and this obligation was not diminished by the circumstances that the plaintiff may have been unjustly enriched, as defendant contends, by overpayment by the other company of the full amount of plaintiff's losses rather than its pro rata share of same."

GAB Appoints Two

General Adjustment Bureau has named R. C. Turner regional casualty supervisor at Green Bay, Wis. William C. Fleming has been named manager at Ludington, Mich.

Mr. Turner joined the bureau at Appleton, Wis., and was subsequently at Eau Claire, prior to his appointment as manager at Ironwood, Mich. Mr. Fleming has been with the bureau at Grand Rapids and Traverse City, Mich.

Huron Agents Discuss Homeowners

Huron County (Mich.) Assn. of Independent Insurance Agents at its September meeting heard discussions of the new homeowners policy and of a student insurance plan now in effect in the county. John Iuppenlatz, Springfield F.&M., led the homeowners policy discussion.

Digs At 'Exercising Physical Control'

(CONTINUED FROM PAGE 12)

which he had worked at the premises of the customer. Baxter had been engaged to sandblast a trailer owned by Elcar Mobile Homes to remove paint so the trailer could be refinished to satisfy a purchaser. The metal was damaged by the sandblasting and Elcar Mobile Homes sued Baxter. Hartford Accident, the liability insurer, denied coverage and Baxter brought a third party complaint against it. The Atlantic County district court granted a summary judgment in favor of Hartford Accident, but this was reversed on appeal, Hartford Accident being ordered to provide coverage and the case going back to the lower court for trial on the issue of liability.

The opinion of Judge Gaulkin relies heavily on the 1956 New Jersey case of Boswell vs Travelers Indemnity, 120 Atl. (2nd) 250, which held that the "care, custody or control" exclusion did not apply to a claim against the insured for damage to boilers on which he was working, at the premises of the customer. The "exercising physical control" feature was not in the policy involved in the Boswell case and Hartford Accident argued that this new expression made a difference. The court brushed off this contention with the words "in Boswell, we said that the words 'care, custody or control' were inherently ambiguous because 'they are words of art which have been the focus of considerable judicial construction' in many fields of the law. Therefore, the addition of the quoted words is mere tautology, as ambiguous as that which it purports to supplement."

Judge Gaulkin also paid considerable attention to an article "Care, Custody or Control Exclusions," by F. D. Cooke Jr., in the January, 1959, Insurance Law Journal, coming to the conclusion that, if the exclusion was intended to mean what Mr. Cooke said, the insurance company should have worded it differently. The argument was also raised that there should be no coverage because this would amount to a guaranty of the insured's workmanship. Judge Gaulkin was obviously not impressed with that argument, but did leave the door open a crack by taking the position that the summary judgment, which he was reversing, was granted solely on the basis of the "care, custody or control" exclusion and that the other question could be considered later by the trial court if the insurance company wanted to raise it again.

Early in the opinion is the statement "The policy is a fearsome document of 11 pages, with varying sizes and styles of printing and typing." A paragraph later, the judge quotes from the opinion of the U.S. Supreme Court in Calmar Steamship Corp. vs Sydney Keith Scott, 345 U.S. 427: "Construing such conglomerate provisions requires a skill not unlike that called for the decipherment of obscure palimpsest texts. . . One envies not merely the perceptiveness of Lord Mansfield in matters of commercial law, but his genial means of informing himself. We cannot resort to the elastic procedure by which Mansfield sought enlightenment at dinners with knowing and considerable merchants,' nor have we any Elder Brethren or Trinity House to help us."

Coumbe Is Retiring

Harold A. Coumbe, assistant general manager of National Board, is retiring Oct. 31 after 34 years with the board. He joined the board in 1927 and was named assistant secretary in 1937. He served as executive assistant to the general manager from 1943-1951 when he was named assistant general manager.

On July 27, 1943, Mr. Coumbe put into operation for the first time the National Board's modern catastrophe plan for supervising the adjustment of losses when a devastating storm struck the Houston-Galveston area. The plan had been drawn up just a month before. He has been in charge of office management and personnel and he supervised administrative procedures. Several times he served as chairman of the insurance industry blood bank. A tennis player and fan, he was an outstanding player for years at Westfield (N.J.) Tennis Club

N. Y. Adjusters Elect

New York Assn. of Independent Insurance Adjusters at its annual meeting in New York elected Charles R. Mead, Albany, president. Donald L. Campbell of Hoercher-Campbell Associates, and Harold J. Smith were named vice-presidents, and Louis Buck of Buck & Stasse became secretary-treasurer. The latter three are from New York City. Robert T. Searing, Rochester, is the new assistant secretary-treasurer.

Named to the executive committee in various categories were four adjusters from New York City: Sherman Thursby, aviation; John J. Casson, fire; Harold Daynard, inland marine; and Theodore Helprin, ocean marine, Joseph Darcy, Rochester, was named to the committee for casualty, and George Alexander, Mineola, for automobile. George I. Gross, of the law firm of Powers, Kaplan & Berger, was named advisory counsel to the committee.

Old Republic Appoints

Old Republic has appointed G. Shannon Grover & Co., Chicago, underwriting manager for individual and employer-employe group and for A&S.

GAB Promotes Two

General Adjustment Bureau has named James M. Walsh branch manager of its Motor Vehicle Accident Indemnification Corp. office in New York City. Joseph Giordano has been appointed general adjuster at the metropolitan New York adjusting office.

Mr. Walsh joined GAB in 1960 as casualty claims examiner in the eastern departmental office. Mr. Giordano has been with GAB since 1952 at the metropolitan unit.

New Handbook Of Mich.

A new Underwriters Handbook of Michigan has just been published by the National Underwriter Co. It provides complete and up-to-date information on the agencies, companies, field men, general agents, groups and other organizations affiliated with insurance in this state. Copies of the new Michigan handbook may be obtained from the National Underwriter Co. at 420 East Fourth Street, Cincinnati 2, Ohio. Price $12.50 each.

D. C. First With Ad Pledge

District of Columbia Assn. of Insurance Agents is the first group to pledge 100% of its basic minimum allocation toward the 1962 Big I advertising program of National Assn. of Insurance Agents. The D.C. association was also first with its pledge in 1960.

The group won the distinction of formally kicking-off the fund raising phase of the campaign when Preston W. Grant, chairman of its advertising committee, announced the early pledge at the Dallas convention.

Agenda Set For I-Days At University Of Ariz.

University of Arizona will sponsor its annual insurance program over a two-day period for the first time Feb. 15-16. The first day will be devoted to property and casualty and the second day to life. Director of the program is Nestor R. Roos, associate professor of insurance at the university.

Property and casualty speakers will include Vestal Lemmon, general manager National Assn. of Independent Insurers, and William Seymour, retired vice-president Liberty Mutual. Among life speakers will be Bruce Palmer, president Mutual Benefit Life, and Edward Mintz, agent for New York Life at Salinas, Cal.

Featured luncheon speaker both days will be Louie Throgmorton, vice-president Republic National Life of Dallas.

Western Casualty Names Solomon Indiana Special

Western Casualty & Surety has named William R. Solomon special agent in Indiana. He will be under the supervision of Patrick J. Moore, state agent. Mr. Solomon's offices will be at Lebanon.

GAB Names Couture In Wis.

C. T. Couture has been appointed manager of General Adjustment Bureau's office at Marinette, Wis. He has been at Eau Claire and before that was at the Ishpeming office of GAB.

Hanover has moved its Philadelphia office to Suite 1930, Philadelphia National Bank Building. The office will be under the supervision of E. G. Wickham and Howard S. Emmerich, state agents. Bert E. Van Horn will remain as manager of Massachusetts Bonding.

McDonald, Brown View Gloomy Traffic Future

Robert F. McDonald, vice-president Illinois National of Springfield, and F. G. Brown, sales training director Federal Mutual of Decatur, representing Illinois Insurance Information Service at separate meetings, warned of possible catastrophe developing on the highways during the next 10 years as the population explosion multiplies cars and drivers.

Mr. McDonald told the Decatur Optimists that 16 million drivers between 16 and 25 caused 8,969 traffic deaths and 14,360 accidents in 1960. By 1965, there will be 30.7 million drivers in that age group. Unless driving habits are improved, the cost in dead and injured could be staggering, he said.

Mr. Brown, at a dinner of Bement Lions Club, said the number of autos crowding streets and highways "represents its own kind of population explosion." The U. S. census estimates that the 62 million private cars will be 88 million in 1965 and 110 million in 1975. The 3,820,000 cars registered in Illinois in 1960 were a 35% increase over the last 10 years. Accidents increased 75% in the same period.

The young male drivers group, Mr. McDonald said, costs insurers almost 3 times as much in liability claims as similar non-business cars with drivers over 25. Family cars, insured by a parent with one or more unmarried sons under 25 living at home cost insurers about twice as much as family cars without youthful drivers in the household.

Mr. Brown analyzed Illinois statistics for the current year and said citizens should be alarmed that a five-year record of reducing traffic deaths has apparently been interrupted in 1961.

"The 75% increase in the number of accidents in Illinois over the past five years put increasing pressure on your home town insurance dollar," he warned, "even though we met success for five years in lessening the death toll for our state.

"Today, after limited rate relief, the difference between red and black ink in underwriting experience of the best companies is sufficiently narrow that thoughtful leaders of the business have grave concern about a future in which 88 to 110 million cars will be jamming our already crowded streets and highways."

Sheridan Mutual Moves

The home office of Sheridan Mutual of Chicago has been moved to 100 West Monroe Street and the company has begun doing business under its newly organized board of directors and management staff. Donald C. Peterson, president of Mercury Mutual, is in charge of the underwriting operations. Sheridan Mutual specializes in sub-standard fire and physical damage business.

Thomas R. Sorenson is the new president of Sheridan Mutual. He is an officer and director of Stor-Dor Forwarding Co., and is president and director of Mid-Central Production Co. The secretary-treasurer is L. Vishny, an attorney.

Mr. Peterson's title is executive vice-president. He is the operating executive of the company. Shirley A. Hellman, who has been associated with Mr. Peterson in the management of Mercury Mutual, is assistant treasurer of Sheridan. Lawrence A. Berman of the Chicago law firm of Berman & Woodruff is general counsel.

Basic Marketing Premise Is Insurance Profit

(CONTINUED FROM PAGE 2)

ported to him. This was the so-called internal sales force.

In those days, before competitors had sunk their teeth fully into the traditional companies' flanks, (although they had already taken substantial nips) it was still felt that there was plenty of business to go around. The internal sales force, therefore, concentrated on administrative and technical matters, diving with their agents into oceans of paper work and swimming out again—confusing all this sputtering activity with a true marketing procedure.

The underwriter in this period was a person of considerable consequence. He had for years been a specialist in one line or another and he had grounded himself thoroughly in all aspects of his specialty.

Used To Stand His Ground

He had not yet been subjected to an avalanche of package policies heavily advertised by his company at a discount, and thus he was not confronted with neatly wrapped packages whose content might run from good to bad and indifferent with respect to a single customer. The underwriter in those days stood his ground. Moreover, the underwriter was allotted ground to stand on. He was a paramount figure in the insurance process. He battled matters out with his own agency department and with agents if need be.

The claims man in the long ago was somewhat at arm's length from his agency and underwriting confreres. Though his lot, like the policeman's, was not a happy one and probably will never be, he was at least free of certain handicaps. For example, his company was not yet giving the public a liberal education in claims consciousness by advertising package policies in consumer publications and by "sales techniques" based on the approach which implies "this covers everything."

The management of the traditional companies in those bygone days—and we will take the president as the symbol of over-all management—was certainly not overly concerned with marketing. The president spent much of his time in the investment area with his financial officer and the finance committee of his board of directors. Of course, he had every right to concentrate much of his attention on this aspect of the company operation, although later events were to indicate that it was not wise to dwell there almost exclusively.

No Straight Line Control

Finally, in this capsule review of the traditional companies' sales procedure—or lack of it—in the old days, we can recall that those companies—stock or mutual—doing business through an independent agency plant had no straight line control over the selling activity of agents who represented six, eight or 10 companies. The companies could suggest sales maneuvers and either gain acceptance or be told to jump in the lake.

The companies doing a business directly through their own representatives did not, of course, have this latter problem with agents. But these companies shared the other problems to which I have referred.

So much for the past. Then came the dawn of a new but not necessarily a brighter day. The nips that outside merchandisers of insurance had been taking out of the traditional companies' flanks had by this time developed into gouges.

The aggressive exclusive agency companies had all but pre-empted the automobile line. Flushed by success, they made no secret of their intent to repeat their triumphs by invading other personal lines. They even began to draw detailed battle plans for commercial business.

At some point, the management of the traditional companies "got the message." The threat to the flow of premiums—for investment as well as other purposes—could no longer be tolerated. The traditional companies began to act. It would be more accurate to say they began to react. And it would be still more precise to point out that they perhaps started to overreact in some respects. Not all of the moves made by the traditional companies can be cited as over-reaction, but some may be subject to that charge.

By looking at some of the current phenomena in the business, the objective observer can then make his own assessment of action and overreaction.

First, there is a homeowners war raging. The traditional companies have driven the rates steadily downward to make it impossible for the competition to undersell them and to repeat its victories in the auto line. The homeowners, priced at 40% to 50% off its introductory rates, has developed into a maintenance policy, according to some claims men.

Packaging In The Commercial Field

Next, the packaging concepts which underlie homeowners have been taken into the commercial field. The motel package has been assembled, including demonstrably unprofitable lines, and is on the market at a discount. Some think it is a package of dynamite, with more than one fuse. The apartment house package is becoming available at a discount. There is the public and institutional program which everyone does not consider a PIP. This, no doubt, is designed to head off exclusive agency company invasion of this field, just as homeowners was designed to hold such competition in line on personal coverage.

Finally, and this is not to be classed with the foregoing developments, there are safe driver plans under individual company aegis as well as under bureau sponsorship.

These are some of the tangible moves made by the companies; some of them may represent over-reaction.

Reorganization Moves

Meanwhile, behind the scenes, there has been a revamping of traditional company organizations to put so-called marketing in the forefront. Again, the objective observer can judge whether this reorganization represents overreaction.

To enable him to do so, we return to the description of the typical company organization years ago and compare it with the present lineup in many companies.

First of all, the old agency department has been relieved of much of its scope. In its place is the new marketing unit under a marketing vice-president. The designation of such an official in an insurance company is a constructive step, provided his appointment is implemented by realization that the entire organization is a marketing unit, and that the new official is only a specialist to provide technical guidance.

However, it is doubtful that this has been realized in many if not most companies. They are looking to the new marketing V-P and his merry men for miracles which cannot and will not be forthcoming.

Why Miracles Won't Occur

The reason miracles will not occur is that the typical traditional company —although it has a new marketing department—is no closer to being a

balanced marketing organization, with all hands participating, than it was in the old days.

The company functions are still compartmented, though in a different way, and not necessarily for the better. The agency department men, who have been displaced in the sales area by marketing officials, are now in charge of administrative aspects of field and branch affairs. This is a highly important area of operation, involving expense control, reports, keeping tabs on company property, and meshing all offices under company policy. Actually, this administrative work has always comprised the main activity of agency department men, since their sales efforts and direction were always rather nebulous, to say the least. Nevertheless, being human, they do not like to see sales responsibility moved out of their units. Thus, the new marketing man won't win any popularity contests among agency men whose cooperation he sorely needs.

The situation is further complicated because some former agency men have been placed in marketing units where they are expected to concentrate on promotion and merchandising of ideas. They are apt to miss the good old paper work of administration that formerly occupied their time.

Now we come to today's underwriters. Whatever their jobs may be, one thing is certain: In many companies they will not be allowed to impede the flow of premiums from the discounted packages, that are being enthusiastically advertised, ranging from homeowners to various commercial forms.

The claims man is still at arm's length from his corporate fellows. These days he has to deal with claimants who have received a post graduate course in claims awareness through company advertising. Some claims men believe that they have inherited a good deal of the handling expense that is supposedly being saved at the underwriting end in the sales of packages. Claims conscious homeowners insured alone keep them quite busy with valid claims and in turning down others which are not valid.

What is the company president's present posture. He still leans heavily to the investment side of the business. This is not said critically, because one of his responsibilities lies there. If his organization had been put in balance toward a marketing goal, the president would be justified in spending the major part of his time on investments.

But in many companies there is no marked improvement and no sign that they are better balanced for marketing. There is considerable danger that the president may think so, merely because he has appointed a marketing vice-president and equipped him with a staff of assistants, researchers, and advertising men. The very existence of these specialists may lead to dependence on them and to less, rather than more cooperation in marketing on the part of everyone in the company from the president on down.

But the marketing vice-president cannot be expected or allowed to outrun the management. He must get his direction from it. The president as the chief symbol of management, then, is actually responsible for marketing, just as he is responsible in the final analysis for every other specialized function of the company. But even that statement is not quite strong enough. Marketing is the most important function of the company, the one from which all others flow in sequence. It should therefore be the entire management's chief concern and the president's over-riding preoccupation.

Agents' Posture

Let us give the companies a rest for the moment and complete the comparison with bygone days. What has happened to the independent agent, the man who must actually fire the sales ammunition devised by the marketing departments of his companies? For one thing, the agent still represents six, eight or more companies. This fact, more than any other consideration, illustrates the difficulties facing a traditional company in developing a straight line marketing program with all factors in balance and working toward the same end.

Let us assume that the company is in internal balance on marketing. The company president, we will further assume, is vitally interested in the subject. He may have picked the best man he could find as head of this department. This man may have devised the soundest approach to the market. All the units of the company may be working toward the same goal in implementing this program. In short, everything is fine—until the program gets to the point of implementation: The agency.

The agent is under no more compulsion today to follow through on any one company's marketing plan than he was in the past. Company programs therefore grind to a partial halt at the point of execution. Companies selling through a controlled sales force do not have this problem,

although they undoubtedly have others.

The typical agency company's inability to be sure that agents will follow through on its marketing program has prompted many insurers to take steps designed to induce the agent to favor a particular company with the bulk of his business.

Among these steps are packages containing all essential personal lines, and others with commercial lines; company budget plans; profit sharing arrangements; and cooperative ad programs. Looking to the future, a number of companies are granting loans to young men whom they jointly select with the agent and place in his agency.

Companies Take Over Detail

Coincident with these maneuvers, companies have reassumed much of the detail they once delegated to agents—policy writing, billing—and are doing it by electronics. This has inevitably resulted in withdrawal of the fees formerly paid agents for performing this detail. Since the fees have always been part of the over-all commission, this has led at least partially to the dispute over commission cutting. Actually, in many cases what has happened is a transfer of work. Having reassumed it, the company will no longer pay agents for its performance.

All that to the side, assumption by the company of this work is designed to permit the agent to devote more effort to sales, to use of the package plans, the budget program and other devices and to place the resulting business with one company.

There is great resistance to this trend. The raging controversy over direct billing is only one manifestation of such objections.

There are unmistakable signs that many agents are using fewer companies, "Fewer," however, is a long way from "one." Again, the objective observer can study this development with interest and draw his own conclusions. At present, no company is within striking distance of inducing desirable agents to represent it solely. Whatever the merits or demerits of that prospect may be, there can be no complete and consistent straight line control over a marketing program from beginning to end as long as there is multiple representation in an agency. If the objective observer equates that fact with the moves being made by some companies, he may come close to identifying objectives.

Whatever develops in that regard, the company that will most effectively influence agents to favor it with the bulk of business will be the company that is best organized internally.

Profit True Goal

The distinguishing mark of a company that is thinking straight on marketing is not the appointment of a marketing vice-president and the establishment of a department under him. The real signal is a new commitment of the entire management to the goal of true marketing: Attainment of a profit from the fundamental business of insurance.

As long as the company is organized and is thinking vertically, with the various officials and their staffs in tight compartments jealously guarding their "rights and interests," the organization can never summon up its potential fire power. It must regroup in a horizontal formation, with all officials, underwriters, production men, claims officials, the marketing specialist, and all others, standing shoulder to shoulder. The president can then develop battle plans for his group which will be bringing its full strength in a broadside against competition.

Moreover, worthwhile agents will be more likely to take their stance in a horizontal formation as part of the marketing force of a company. Surely, a position in a broad line on equal terms with the company men is more attractive than a place in one of the vertical, compartmented columns.

At any rate, until this cooperative formation is attained, no company can move with full vigor and dispatch toward its marketing goal: Profit from underwriting.

This conclusion may be dismissed by some as an ideal. Undoubtedly it is, but that should be construed as a strength and not a weakness. There is one mistake so-called practical men are always making with regard to those with ideals. They think that idealists expect to attain their hopes unfailingly. Idealists are not so impractical. But they do believe that no worthwhile human effort—individual or corporate—can be carried on without ideals.

Surely the insurance business cannot. It would not seem that expectation of success in its fundamental activity—underwriting—is too lofty a goal. Surely the business should regard itself as something more than a funnel for funds flowing into the market. It was designed and licensed for a higher purpose. Those with ideals do not need to be reminded of that purpose. But it is up to them to restore it. Anything less is demeaning to a great business and to its worthy practitioners.

Please turn page

Sees Insurers As Fund Gatherers

(CONTINUED FROM PAGE 11)

hears and reads of boom on the way. Each new pundit who makes the headlines seems to try to out-do the one before him in prophesying happy days and figures which set the imagination aglow. But if one must admit of a new boom in any section of the economy, it would be in government expenditures.

Will Increase 12%

It looks as though the production index will increase about 12% from its low point in the cycle to a full recovery point next year. This does not spell boom but simply a closing of the gap between the recession low and a slower normal growth rate. Before one talks of boom he may ask himself if there is a shortage of productive capacity. Surplus capacity and price cutting cast doubt on whether industry will be able to recoup extraordinarily large capital expenditures by rising prices as has been the case so often in the past. Consumer behavior is not so dynamic as to justify a brilliant future for durable and non-durable goods consumption. There is no shortage of consumer goods. Business is not optimistic about the attitude of government. The stimulation of labor shortage has disappeared. To get a boom one must have a boom in capital expenditures, but Mr. Cherry cannot make a case for this, although he does expect a rise.

Common Stock Policy

In an attempt to weigh a multitude of factors, Mr. Cherry concludes that the U. S. is in a recovery period, but if the economy rises appreciably above the slower rising growth trend line, the advance will be unsustainable. He expects the largest part of the recovery will be accomplished in this calendar year, although full recovery is not expected until perhaps the second quarter of 1962.

The formulation of common stock policy is confronted with the fact that bonds yield more than stocks, the fact that changes are coming more rapidly than ever before, and the fact that the public now has a distrust of the future purchasing power of money. There is a new world attitude toward the American dollar.

There may be further changes imposed from abroad, now that the U. S. has competition and is no longer a completely free agent in money management. Nevertheless the 10,000 new funds formed last year want to buy some stocks in almost every case.

"What should be stock policy if the cost-of-living index is advancing 1.5% per annum and bonds yield 1.5% more than stocks? What should be stock policy if our theory that the basic growth rate of the economy has slowed down? Should stock policy be short term and bet on further economic recovery for a few more months only? If we have an aggressive stock policy, how does one weigh the extra difficulty of selection in a period when the new products of scientific research are designed for chaos between industries?" Mr. Cherry asked.

His conclusion is that slowdown in economic growth calls for a somewhat lower percentage of common stocks to total portfolios than his firm has advised most of the time for the past many years. In 1947, his organization propounded a theory of the dynamic decade of the 1950s, but that is over. Another reason for suggesting a lower proportion of stocks rests on the fact that he prefers the dynamic but more vulnerable technological growth stocks to the cyclical industries. Since they are more vulnerable, there must be a compensating lower proportion of over-all common stock risk.

With bonds yielding more than

Tax Ruling On Insurance With Regard To Exports

A problem of foreign insurance on exports from the U. S. and the taxation of income derived therefrom is dealt with in an Internal Revenue Service ruling identified as 'TIR-335.'

Operation of foreign insurance companies, subsidiaries of U. S. corporations, was among the subjects on which President Kennedy asked Congress to deal in closing alleged tax 'loopholes.'

The ruling states that IRS will not consider either the choice of underwriter or the place of execution of a marine insurance contract in determining where the property is sold or the source of the income derived from the sale. The service further states that a taxpayer will not be considered as engaged in trade or business in a country merely by virtue of the fact it has placed its marine insurance with an underwriter located in that country or has executed an insurance contract there.

The source of income from the purchase and sale of personal property is determined under sections 861 through 864 of the internal revenue code and the regulations thereunder, the service noted.

stocks, there is not much point in buying stocks except for capital gain, Mr. Cherry declared. If one cannot expect interesting growth in the economy, he can hardly expect anything interesting in the cyclical type of business, especially in an era of price cutting pressures. He fears it will be a long time before steel, oil, automobile, aluminum, and similar industries will promise sufficient gain to offset the risk of loss in their stocks. Mr. Cherry made it clear that he was speaking in terms of the long pull and not trying to guess very much about how they may be influenced in the later stages of the present cyclical recovery.

Bond policy is likely to be the orphan in the eyes of the investor, but to the professional bond man there is no more complicated a problem than to try to get the most out of a bond account. He knows that one can no more sleep comfortably on a bond bed than on a common stock bed. He knows that there is such a thing as a dynamic bond policy which requires enormous effort, knowledge and judgment to implement. Mr. Cherry discussed bond policy by noting several points:

1. We are in a period of economic recovery which will consume more money as it proceeds, and that is not a good climate for bond prices.

Deficit Expanding

2. We are in a time of expansion of the government's deficit, which will be much larger than published figures lead the layman to suppose, and this deficit must be financed.

3. Notwithstanding the recently successful federal debt funding, it is imperative that the government further increase its long term obligations outstanding.

4. For the long period of expected lower than normal economic growth, one would expect money to be in lower than normal demand. Presently we suspect this factor is offset by the growing business revival, and for the longer term it may be offset by further balance of payment difficulties between America and the rest of the world. One cannot prove a cause and effect relationship but it makes some sense that as inflation proceeds, bond yields will have a compensating, secular rising tendency. It is interesting that since 1954 bond yields have advanced more than the purchasing power of the dollar has depreciated.

Health Insurance Terminology Committee To Meet In New York

The committee on health insurance terminology will meet Oct. 20 at New York to decide upon the definitions of the following terms: Accident, sickness, group, individual and family, blanket, disability income, medical expense, valued, reimbursement, service, non-can, guaranteed renewable, limited, optionably renewable, cancellable, voluntary and compulsory. Subcommittees have been attempting to evolve definitions for these terms that will become standard in the business.

Chairman of the committee is E. J. Faulkner, president Woodmen Accident & Life.

Utah AR Plan Reports

Utah Automobile Assigned Risk Plan members have received a report of operations for the period July 1, 1960-June 30, 1961, from Manager Albert H. Thurstin.

The plan received a total of 6,109 new and renewal applications, which compares with 5,467 the year before. Of the 1960-61 applications, 2,820 were new and 3,289 were renewal. There are now 1,951 of the new assignments in force, while 487 were cancelled, 202 by insured, 228 for non-payment, and 57 by means of company rejection. The plan returned 382 applications to agents.

Of the renewals, 1,844 were written and 1,445 were not taken. Total units covered number 3,795.

State Farm Mutual Auto was the leading writer of BI in Utah, based on 1959 premium volume, followed by Farmers Exchange, Allstate, Truck Exchange and Travelers.

Allstate Appoints Seven

Allstate has made seven executive appointments: James M. Copenhaver, computer manager, home office; Robert J. Reid, controller, Milwaukee; Robert H. Peine, services manager, Skokie; John A. Morris, district sales manager, Sacramento; Ralph W. Cook Jr., regional sales supervisor-commercial casualty, Santa Ana, Cal.; and Warren J. O'Hara, district sales manager, Kansas City, Kan.

Pennsylvania's general state authority, construction agency for the state, has revised its fire insurance from full cover to $1,000 deductible. The revision also includes plans to buy a blanket policy for all property involved, with the state department of property and supplies replacing a broker of record to handle the underwriting. This will save the state more than $100,000 a year in premiums, according to state officials.

Overman Eyes All Lines Trend To Bring Consumer Convenience

(CONTINUED FROM PAGE 16)

a close working arrangement between the insurer and the insured and his bank. Pre-authorized check payment plans have operated successfully for years in the life business. Easy monthly or even semi-monthly payments can be pre-authorized at the bank to coincide with salary payments to insured. Credit can also be extended by the bank to meet large, lump-sum premiums which can then be "evened out" through periodic settlement under the pre-authorized plan. Banks may thus conceivably operate within an insurance company as a subsidiary or through cooperative action as independent institutions. In either case, consumer time and inconvenience cost is reduced.

2. Needs for finance—Insured have often experienced high money and time costs and inconvenience in seeking finances to purchase a car or mortgage credit for a home. When the all lines development has been completed, consumers will find such funds available at reasonable interest rates through the life company, through the bank operated by the company, or even from the investment funds available through the property-casualty insurer. In fact, the life and property-casualty insurers will operate as a total unit (with all lines legislation) and the investment funds will be available to all persons and institutions needing to borrow.

Need For Equity Investing

3. Investment needs—Inflation has promoted the need for equity investing as a hedge. In an all risk package, the life portion will be exposed to risk of erosion in fixed dollar investment. Insured needs "insurance" to be incorporated, perhaps in his all-lines package to offset this. One present solution is the variable annuity. Mutual funds bought with life can produce a similar effect. Monthly investment plans and periodic purchases of equity in real estate are other alternatives. In future, insurers are likely to offer one or more of these services in a simplified convenient form, tied in with insurance buying.

4. Need for accounting service—The consumer's desire to satisfy his service needs as he does his commodity needs points up another opportunity for an important service by insurers. If families in future choose to "bunch" most or all of their service purchases through one all-lines insurer, it would be ideally inexpensive and convenient to offer them an electronic accounting and budgeting service, for a nominal fee, to help them keep finances straight and families solvent, with some extra money to be invested periodically with the all-lines insurer in life protection and in some form of equity.

5. Real estate service—There will be demand for numerous real estate developments. This will promote demand for huge amounts of investment capital. New family units will find it convenient to obtain the building lot of their choice and the home design they desire, through the real estate department of their all-lines insurer. The company in turn would have a built in market for investment funds—both from life operations and the investment surplus of the property-casualty insurer.

Mr. Overman did not neglect the commercial buyer's desire for consumer efficiency. He pointed to innovations in commercial packaging, such as the motel, funeral directors, apartment owners, service stations, and farmowners forms. He expects the marketing of such forms as hardware dealers, farm implement dealers, drugstore owners, lumber dealers, grain dealers or mill owners. In addition to these specialty packages, there will likely develop such similar contracts as restaurant owners, dry-cleaning establishment owners, laundry owners, medical clinic operators, stationery store owners, discount house operators and others too numerous to mention.

Each of these probable new policy developments will be designed to satisfy the increasing demand by business owners for broader protection at lower money, time and inconvenience cost, Mr. Overman declared.

Gulf American Shares

WASHINGTON—Gulf American Fire & Casualty of Montgomery, Ala., has filed a statement with the SEC seeking registration of 226,004 shares of common stock, proposed to be offered for subscription by common stockholders at $2 per share on the basis of three shares for each 10 shares held. Unsubscribed shares will be offered for public sale at $2.25 per share. No underwriting is involved.

Net proceeds from stock sale according to SEC, will be added to general funds to increase capital and surplus. The company has outstanding 753,342 shares of common, of which management officials as a group own 32.6%

Big Turnout For Mutual Insurers' Annual

(CONTINUED FROM PAGE 1)

smaller percentage of new business than the rising percentage of gross national product, that company is on the way out economically.

Living death is brought about by non-productive agents and a dearth of younger producers coming into the business. It can be the by-product of ultra conservatism in management. Physical death can take place when insurers do not keep pace with modern scientific developments.

Mr. Laird thinks that in order to perpetuate the mutual concept, companies must consider that "doing business separately" means a low volume of sales and no application of large scale technological knowledge. It means limited access to modern mass production and labor saving machinery, and no application of the necessary law of large numbers demanded by the new multi-peril policies. If small companies combine, they will have many advantages, but they must decide whether to do so in the next five years. They must also resolve to use only the finest talent available.

Edwin S. Overman, dean of American Institute, speaking at the joint session on casualty, fire and allied lines, declared that the outstanding single contribution to greater consumer efficiency came through all-risk packages. But from all indications, the business has not yet scratched the surface in further efficiency through the logical extension of the all-risk package concept.

In his presidential address at the midyear meeting of American Mutual Alliance, Hubert W. Yount, executive vice-president Liberty Mutual, declared that the good old days are gone forever. He called attention to the crucial changes in rating in auto which are now becoming widespread in fire. "Disappearance of the authoritative rate," was sparked by the independent specialty companies. Now the deviation mechanism is involved in classifications as well as rates per se. Near chaos is the result.

Dangers Noted

Changes in attitude in the business can be summed up in the word "competition," Mr. Yount observed. He made clear his critical view of those who, in pressing for more liberal legislation, are really trying to pave the way for competitive rates which may be destructive. The potential results are rising loss and expense ratios, diminishing underwriting profits and sometimes impaired surplus.

John F. Dinneen, loss prevention director of Home Mutual, Columbia, Mo., took top prize in the W. A. Rutledge award established in honor of the founder of NAMIC and of Farmers Mutual Hail of Des Moines. The award is to promote good management in the farm mutual field. Earl H. Sincerbox, secretary Chenango Cooperative Ins. Co., Norwich, N. Y., placed second, and Wayne W. Martin, vice-president Goodville Mutual Casualty, Goodville, Pa., was third place winner.

At the closing general session, NAMIC passed resolutions in continued support of state as against federal regulation, and for equitable tax treatment of mutuals.

IBAC Backs EDP Plans Of Accounting For Brokers

Four accounting systems making the most effective uses of electronic data processing machines for small, medium and large brokers were recommended to the membership of Insurance Brokers Assn. of California by the board of governors at a meeting in San Diego.

The recommended systems are bookkeeping companies (accounting and bookkeeping service), large bookkeeping machines with typewriters, smaller bookkeeping machines with typewriters, and service bureau automated accounting. A comprehensive review of each is being readied for distribution to association members through their publication, the Broker.

The four systems were endorsed following a study undertaken for the association by a certified public accountant, George Reppas, San Francisco. Mr. Reppas' study was conducted at the suggestion of a special committee, following preliminary studies of the use of electronic data machines.

GAB Names Manager

General Adjustment Bureau has appointed Leo V. Brenna manager of the western department of the marine division. He joined the bureau in 1951 in Burlington, Ia., and was subsequently manager at Dubuque and general adjuster at Minneapolis.

Royal-Globe Names Zeuli

Royal-Globe has appointed Robert D. Zeuli loss supervisor at Boston. He has been with Royal-Globe as an adjuster since 1957.

Jr. Fire Marshal Is Prevention Feature

During Fire Prevention Week, Hartford Fire launched its junior fire marshal program for the 15th consecutive year. A redesigned and improved junior fire marshal badge and helmet is being introduced this fall, and teachers have received an expanded, 36-page illustrated teaching manual for classroom use.

Sponsored by local Hartford Fire group agents in 15,000 elementary schools across the nation, the award-winning educational project last year enrolled more than four million third, fourth, and fifth graders in year around fire prevention activities.

Fire safety instructions are worked into regular parts of the school curriculum through teaching aids provided by the company. In addition, the children participate in home fire safety inspections in the fall, Christmas safety precautions, and spring clean-up.

For Fire Prevention Week each child was provided with a home fire inspection report that lists 17 safety checks. This is featured in the fall issue of the junior fire marshal magazine, distributed to children through the schools by sponsoring agents. The magazine includes stories and games emphasizing fire safety.

Parents are asked to make the home inspection with the child and to sign the certificate of merit, which includes guidance on fire emergency procedures. To encourage these inspections, the company supplies junior fire marshal helmets, badges and class honor rolls, as well as a silk achievement award banner for the school in each town or city with the largest number of completed reports.

Thirty million children have participated in the program since it was launched 15 years ago.

Wagner To Milwaukee For New Amsterdam Casualty

Elmer L. Wagner has been named a special agent in Wisconsin and upper Michigan by New Amsterdam Casualty and assigned to the Milwaukee office.

Prior to joining New Amsterdam, Mr. Wagner was a special agent at Milwaukee for U. S. F. & G. and most recently was with its St. Louis office.

Plan New Home Building

Home has filed with New York City authorities plans for a new home office building.

It is understood that the company plans a $20 million 44 story structure on the west side of William Street between Maiden Lane and John Street. The present home office would be replaced. In addition to the new building, Home's property would include the adjoining property on the corner of John and William Street, acquired last June from New Amsterdam Casualty.

F. & D. Raises Schmich

Fidelity & Deposit has named Joseph W. Schmich assistant manager at Milwaukee. He has been in charge of the Des Moines service office for the past 13 years. He is a past president of the Des Moines Casualty & Surety Club.

May Change La. AR Rule

Application of deviated rates to assigned risk automobile business in Louisiana may be reviewed soon by the insurance department. Presently, companies deviating on automobile are required to use the deviation on AR business. Many of them have complained about this.

In 1954 when the first deviation on auto policies was approved, the casualty division of the department required the deviating insurer to use manual rates on assigned risks. The theory here was that since insured had no selection of companies, it would be discriminatory to provide a reduced rate for one insured and not for another. With a change in administration in 1957 the division changed its rule and required deviations on ARs.

Minn. Blue Shield Offers Blue Cross Benefits

ST. PAUL—Minnesota Blue Shield has entered the hospitalization insurance field and will offer it along with its medical care plan. However, each may be bought separately. The hospital rider will offer a wide range of coverage with daily room allowances of $10, $12, $15, $18, $20 and $25 covering periods from 30 to 730 days of hospital care.

Benefits for all additional hospital services will be paid at 15 to 20 times the daily room rate, depending on the type of coverage selected.

Minnesota Blue Shield formerly was affiliated with Minnesota Blue Cross but they severed connection two years ago. Last spring, Minnesota Medical Assn. approved Blue Shield's entry into hospitalization insurance.

—

The executive offices of the **Oregon** and **Portland Assns. of Insurance Agents** have been moved to 727 Board of Trade Building, Portland. Alan Tebb is executive secretary of both organizations.

Large Lines Workshop Gives Agents Tips

(CONTINUED FROM PAGE 30)
without notes, having been separated en route from his briefcase and papers.

The packaging of commercial insurance coverages is only getting started, Mr. Nash declared. Packages produce a valuable competitive tool for agents and desirable additional protection for insured. However, the nature of packaging generates a selection against the agent and company because the most eager prospects are those with special hazards which have been expensive or nearly impossible to insure.

To keep current with developments in the package field, Mr. Nash recommended that agents use their field men but use them intelligently. Not every field man can be of help in this area, and the agent should choose just the one or two or three who can be of material assistance. That way he won't be wasting his time with every company man who comes in the office.

Mr. McPherson used an acrostic of "specialist" to describe how he as a buyer looks at the agent.

S, he said, is for service. Among the services an agent can offer is a follow-up letter after a discussion so the buyer will have something for his records after a conversation. Another helpful item is a second man in the agency who understands the buyer's problems and can handle an emergency when the agent is away.

P is programming. Mr. McPherson suggested that agents put themselves in the buyer's shoes after a contract is signed and think of all that has to be done to convince management that the insurance is the best available. On top of that, often a whole program has to be sold to the employes. The buyer can use some help getting all that across.

E stands for engineering. Agents should call the attention of the buyer to the facilities the companies have to offer.

C is for contract. Mr. McPherson urged the agents to know what they are selling and explain it thoroughly before a loss occurs.

I is for initiative. To Mr. McPherson this means knowing more than the competitor and keeping the buyer informed of changes as they come along.

A means analysis. Give the details of a risk to the underwriter, he said, so the insurer can offer the best and most accurate proposal without having to go back time and again for information.

L is low cost. Every buyer is hopeful of this, although something that appears, from the buyer's knowledge of the facts, to underpriced is suspect. When the competition is equally good and the specifications are the same, price looms as a significant factor.

I the second time is for integral. Mr. McPherson said he likes to think of the agent as an integral part of the agent-buyer-insurer relationship, and knowing the parties involved on both ends of the sale adds strength to the insurance contract.

S is for safety. Agents and their companies have a multitude of films, engineers, pamphlets and other safety aids that can be used by the buyer. But the agent must let the buyer know what he can have. "Know safety and sell it," he counseled.

T is technician. The buyer wants the agent to help him analyze his fire rates, help with his retro plans for comp and liability.

Should insurance be put out for bid at renewal? Mr. McPherson was asked. There are times, he replied, when the buyer must show his management that he is buying the best at the most reasonable cost. He has to be able to demonstrate that he isn't using a favorite agent or company.

Doherty Comments Candidly On Issues

(CONTINUED FROM PAGE 30)
some strong opinions. He said if the homeowners is any indication, "we are headed for trouble." There seems to be a race for the investment dollar as a hedge against inflation, and companies are eager to get premiums at any cost. This produces in agents a doubt as to whether companies care about insurance profits as they watch rates go down in the face of underwriting losses.

"What kind of nonsense is this?" he asked. "It is a folly calling for a strait jacket." There is little or no consultation with agents and no concern with the effects these developments have on producers. If the companies are in business for an underwriting profit they have to live by the rules.

Wisconsin is one of the states surrounded by safe driver plans, and Mr. Doherty remarked that they seem to be coming into his state whether or not agents want them.

Adoption of the no prior approval rate regulation philosophy could lead to chaos and the demise of the bureaus, he said. There is sometimes an unevenness of treatment of bureau filings, but he termed this "one of the hazards of the business."

Broker Pockets AR Premium; Company Is Stuck For Its Return

A situation that is causing insurers increasing aggravation (and money) is that in the operation of the automobile assigned risk plan in New York, though the insurer has no option to deal or not to deal with the broker who submits the risk to the company via the plan, the law (section 121) holds that payment of premium to the broker is in effect payment to the company. The broker may not, for one reason or another, remit the premium to the company. In that case, the policy is cancelled and the insurer must pay a return premium to the insured though it did not receive the money.

One case illustrates the situation. In July, 1960, a New York broker filed application with the AR plan for insurance on a Ford automobile. The applicant represented that he had not been convicted or forfeited bail for any traffic offenses listed in the application. The policy was issued for a premium of $197.60 and forwarded Aug. 5 to the broker.

Premium Late

An initial deposit of $50 had been submitted with the application. The company in its Aug. 5 letter asked for the balance of $147.60 by Aug. 25. When this was not received on that date, a cancellation notice was issued Sept. 15, effective Sept. 30. Notice of the action was sent the AR plan Sept. 15.

On Sept. 27, the insurer notified the AR plan that the balance had been received. The company asked the broker to inform insured and disregard prior notice of cancellation. In that communication the company sent the broker a commission check for $19.76.

However, a check of New York City court records showed that insured had been convicted earlier in the year for a traffic offense and this required a 25% surcharge in the rate, or $49.40. On Dec. 7 the company sent the broker the endorsement reflecting the additional charge and asked for it by Dec. 27. Copies of this letter went to insured, his premium finance company, and the AR plan.

The company had no response from the broker. On Jan. 3 the insurer notified the plan of cancellation for nonpayment of premium. Copies went to the broker and insured. On Jan. 25 the company sent a check for $74.35, the gross return premium on the canceled policy, to the bank that financed the premium. The company requested return commission of $7.44 from the broker.

Insured Had Paid

Later the insured complained to the insurance department that despite his payment of the surcharge of $49.40 his policy was cancelled and a revocation order was issued by the motor vehicle bureau. The company wrote the department explaining the facts and sent a copy to the broker. The post office returned the letter to the broker marked "Removed. No address."

The department ruled that under the law the company owed the return premium on the surcharge, which the company had not received, as well as the original premium paid.

Other companies report similar difficulties with the plan and the law that imposes obligation for the premium upon the company even though it has no choice in dealing with the broker on an assigned risk. Insurers do not believe they should be obliged to assume the responsibility for the integrity of every broker who gives them a risk by way of the AR plan. This in effect substitutes the integrity of the company for every broker in the state without affording the company an opportunity to investigate and satisfy itself that the broker is really reliable.

Under the assigned risk plan of operation, company management believes that the public has some obligation to deal with reliable brokers and the department has some obligation to bring to task brokers who are not reliable. These joint responsibilities should not arbitrarily be foisted on the insurers.

Several methods have been suggested for meeting these difficulties. One made by the AR plan is to have all premiums on assigned risks paid by certified check. One company prints on the face of each AR policy it issues notice to the policyholder that it does not recognize broker or agent for the purpose of collecting the premium for the policy or otherwise. Other companies send the policy direct to insured, ask him directly for the premium due after the initial deposit premium, and include the producer in the transaction only by sending him copies of correspondence between the company and insured.

Award Eppstein Trophy To Late R. A. Wagner

Oregon Assn. of Independent Insurance Agents presented its annual Arthur Eppstein insurance achievement award posthumously to Robert A. Wagner, late owner of the C. A. Wagner Co. in Portland. The Eppstein plaque was presented to Mrs. Wagner by Alan Tebb, executive secretary of the association, at the annual convention in Eugene.

The Eppstein award was created in 1950 by the late Arthur M. Eppstein, president and founder of Oregon Automobile Ins. Co., to recognize cumulative rather than single contributions to the business. Mr. Wagner died a year ago, having just completed a term of office as president of the Portland association, and while still chairman of Certified Insurance Agents. He joined his late father's agency in 1939 and was with it until his death.

He is credited with having pioneered the series of annual professional self-education seminars conducted jointly by insurance men and University of Oregon. He also served two years as managing director of the sponsoring Institute of Oregon Underwriters. He helped form the CIA program and was himself the first agent so certified.

GAB Appoints Five

General Adjustment Bureau has appointed five branch managers in its western department: Donald E. Overton, Liberal, Kan.; Richard A. Mycka, Marshalltown, Ia.; William Mawhiney, McCook, Neb.; C. T. Couture, Menominee, Wis., and Lloyd W. Spindler Jr., Adrian, Mich.

Insurers Need, Lead Urban Redevelopment

Insurance companies are one type of business enterprise that has a major stake in downtown redevelopment, Gladden W. Baker, chairman of the finance committee of Travelers, told International Downtown Executives Assn. at its meeting in New Orleans. Mr. Baker is also chairman of Constitution Plaza, a 12-acre, $35 million redevelopment project in downtown Hartford being financed by the Travelers group.

Can't Abandon Downtown

Despite the so-called explosion of the suburbs, business and industry cannot abandon downtown, he said. All too many cities are bogged down in internal warfare between business organizations, government, and citizens. Urban renewal can never flourish in such an atmosphere. Any major business concern with an economic interest in downtown must become a factor in urban renewal. Insurers are one type of business with strong roots in downtown areas of hundreds of America's cities.

Insurance companies must be able to attract and keep large numbers of highly trained, specialized people, Mr. Baker said. They must also be able to maintain close working relationships with financial and other service organizations. In recent years, needs of insurers have multiplied with the rapid expansion of their business.

Good Investment

Travelers, he said, considered Constitution Plaza not only a good investment but a matter of civic necessity to make certain that renewal in Hartford would not fail. Though the plaza will not provide additional office space for Travelers, it will be the site of the new home office of Phoenix Mutual Life, which originally planned to locate in a suburb till research revealed that while the initial cost of building downtown is perhaps more, over 20 years the cumulative net cost will be less.

Mr. Baker cited a number of insurers over the U. S. that are constructing or have constructed, new buildings downtown—Equitable Assurance's Gateway Center in Pittsburgh, Mutual Benefit Life in downtown Newark, Travelers in downtown Boston, Prudential in Back Bay, Boston, Lincoln National Life in Fort Wayne, Franklin Life in Springfield, Ill., and several in downtown New York.

As cities learn how to make renewal projects attractive to developers and outside investors, there will be increased insurance company participation, Mr. Baker predicted.

St. Paul F. &M. Names 2

St. Paul F.&M. has appointed two state agents: Ervin J. Dietrich at Baltimore and Benjamin R. Blesi at Petoskey, Mich.

Mr. Dietrich, who will be under the supervision of Manager John A. Barnes, has been a field man in the Baltimore area for several years. Mr. Blesi has been a special agent for the company since 1958 at Detroit, and will now service northern Michigan, including the Upper Peninsula.

Samuel D. Gillette and **Abbott W. Lawrence**, agents at Portland, Ore., have merged their businesses to form the Gillette-Lawrence agency.

Personal Lines Workshop Offers Hints

(CONTINUED FROM PAGE 30)

"the very system we fostered. We have never gone to the public with our name."

In telling his story, the agent must emphasize that he is not selling indemnity and giving away service, Mr. Mulcahy said. It must be clear that the service cannot be free. The comparison between consulting a doctor or lawyer and consulting an insurance man is not valid, according to Mr. Mulcahy, so long as people continue to get free advice from the latter—something they never get from doctors or lawyers.

Frequent contact with clients and prospects is essential, Mr. Mulcahy believes. This can take various forms —there can be an occasional phone call to ask how things are going, or a birthday card is a good idea. Mr. Mulcahy is especially enthusiastic about some form of agency house organ.

Mr. McMackin spoke of possible trends in personal lines methods which can be very good or very bad for an agent, depending upon whether the agent "engineers the situation to his own advantage or drifts around and risks sacrificing some if not all of his independent operation."

Citing a study made recently by an insurance company which developed that upwards of 60% of its volume was in personal lines and that the situation of many of its agents was even more pronounced, some having 90% personal lines, Mr. McMackin said he believes many companies and agents might have similar ratios. Ten years ago, he said, this could not have been. This radical change resulted from two forces: The residence package policy and the surge of competition in automobile.

Homeowners policies gave the business real stimulus, in a decade of growth and expansion. Old agencies have flourished and countless new ones have come into existence and become going concerns.

Hence, anything which sounds like yearning for "the good old days" of 10 years ago couldn't possibly make sense. Ten years ago, most agencies were serving the insurance needs of the community at large. Though the typical agency had plenty of dwelling fire, household contents and private passenger cars on the books, most of the aggressive sales efforts were concentrated in other areas—up and down Main Street, in the stores and factories, churches and schools, mines and farms.

It is doubtful that this is the picture today, he said. There is the strong probability that many an insurance office can no longer be said to be devoting much of its time to the insurance needs of the community as a whole. It can, in fact, be said to have become largely a personal lines office.

It cannot be said that any agency which has shown a sharp growth in premiums in 10 years or so has suffered, just because this growth is substantially the result of homeowners and personal automobile production. Likewise, the agency which has come into existence in this period and has, because of the sales possibilities in homeowners and automobile, become a health concern, will wonder why anybody would suggest that the situation is anything but good.

In the automobile field, most of the pertinent developments have resulted from the force of competition, beginning first with what agents have come to identify as "the competition."

These companies were among the first to see the insurance field in terms of the mass market. They were also pioneers in applying the science of marketing to insurance sales. Their methods were frequently condemned, but it is almost startling to reflect that in perhaps three years, many, if not most of the same principles have been applied, with considerable success, by agency-system companies. It is important to note that the agency-system companies did these things without in any way weakening their support of the system. But, it is equally important to note that some of the methods which agents and their companies had to follow in this competition are a far cry from those which formerly prevailed.

There is a new firmness on the part of companies in both underwriting and claim practices, not to speak of fringe areas such as "agency pressure," collected calls, etc. Not least significant, agents have been required to make a very substantial contribution to this vigorous price competition, through reduced commissions.

There is evidence of similar developments in the homeowners field. Commission reductions in homeowners have already come along. The combined impact of lower commissions on automobile and homeowners has meant serious trouble for some agents. Lately, there have been filings of continuous homeowners policies. Various theories explain this development, but, coupled with this information, there are reports of companies which are gearing for automated homeowners, with all that experience with automated automobile policies suggests.

Mr. McMackin spoke of the possible

but not necessarily probable plight of the agency which has become, willingly or otherwise, largely a personal lines office. A year or so hence, he said, that agent's best and hardest efforts in personal lines production could find him just staying even on commission income, even contemplating a measurable reduction in income. And, it is also possible that the "modern methods" will have made themselves felt in his day-to-day operations even more than they have. In this connection, Mr. McMackin said he is impressed with the growing number of companies which now have an officer, usually of vice-presidential rank, in charge of marketing. "I can't believe that an executive with a title such as this is merely an addition to the official family for the sake of having more vice-presidents around. It stands to reason that company management expects something of the marketing vice-president."

On the strength—or weakness—of reasoning like this, there are those in the business who freely perdict the day when production forces will be divided into two categories. On the one hand, the entirely independent agent—on the other a personal lines agent, who, though still in the independent agency business, is likely to be subject to considerable control from the company marketing department.

STATEMENT REQUIRED BY THE ACT OF AUGUST 24, 1912, AS AMENDED BY THE ACTS OF MARCH 3, 1933 AND JULY 2, 1946 (Title 39, United States Code, Section 233) SHOWING THE OWNERSHIP, MANAGEMENT, AND CIRCULATION OF The National Underwriter, published weekly, at Chicago, Ill., for Oct. 1, 1961.

1. The names and addresses of the publisher, editor, managing editor, and business manager are:

Publisher, The National Underwriter Co., Cincinnati, Ohio.
Editor, K. O. Force, Greenwich, Conn.
Managing Editor, J. C. Burridge, Hinsdale, Ill.
Business Manager, R. J. O'Brien, Des Plaines, Ill.

2. The owner is: (if owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding 1 percent or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a partnership or other unincorporated firm, its name and address, as well as that of each individual member, must be given.)

The National Underwriter Co., Chicago, New York, Cincinnati; John Z. Herschede and Elizabeth W. Herschede, Trustees, Cincinnati, Ohio; Cartwright, Valleau & Co., Chicago, Ill.; H. J. Burridge, Cincinnati, Ohio; Levering Cartwright, Chicago, Ill.; Russell Cartwright, Chicago, Ill.; Ruth Cartwright, Chicago, Ill.; Lessie K. Wadsworth, Ft. Lauderdale, Fla.; R. E. Richman, Holland, Mich.; George W. Wadsworth, Ft. Lauderdale, Fla.; How & Co., Chicago, Ill.

3. The known bondholders, mortgagees, and other security holders owning or holding 1 percent or more of total amount of bonds, mortgages or other securities are: (If there are none, so state.) None.

4. Paragraphs 2 and 3 include, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting; also the statements in the two paragraphs show the affiants full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner.

5. The average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the 12 months preceding the date shown above was: (This information is required from daily, weekly, semiweekly, and triweekly newspapers only.) 21,192.

R. J. O'Brien

Sworn to and subscribed before me this 26th day of September, 1961.

Wilmarie Jones

(Seal)
My commission expires Nov. 19, 1964.

Panel Reviews Legislative Successes

(CONTINUED FROM PAGE 30)

writing surplus lines they must submit an affidavit of non-availability.

One of the main features of the bill is the provision which holds that the mailing of a policy into Wisconsin constitutes appointment of the Wisconsin commissioner as agent for service of process in the Wisconsin courts. This is the first time such a rule has been enacted into law, although it is done by administrative ruling in some other states.

In the past, taxes on surplus line business in Wisconsin have run $8,000 or so a year. It is expected that if they are all reported, as this law provides, the tax income will be closer to $100,000. The law covers all business except workmen's compensation and title insurance neither of which are considered eligible for surplus lines.

Another bill of some importance is the measure having to do with taxes. This contains 45 sections and is actually an omnibus bill covering several areas. It is 23 pages of single spaced printing and contains a complete codification of the fees to be paid by companies, agents, etc. It also codifies the laws relating to licensing of agents and provides that every domestic insurer, including stock, mutual and town mutual, non-profit, etc., be licensed annually. Former laws did not require Wisconsin insurers to be licensed.

The conflict of interest and investment laws are strengthened in this measure and numerous other amendments are of a correctional or remedial nature.

Some of the other bills revising codify requirements for franchise, group and blanket A&S insurance; amend the laws covering mergers or consolidations of companies so that if town mutuals merge the territory of the new company will include the whole territory in which the former companies were doing business not to exceed eight contiguous counties; provide that savings and loan associations and banks may accept credit A&S policies as collateral; provide that an individual who withdraws from a group life policy is entitled to convert to an individual policy without having to pay an increased premium on account of any impairment or physical or mental condition; and provide that no policy will exclude injuries to a named insured under the medical section of BI coverage.

Mr. Scheibl explained that some of the bills are omnibus in nature because the house insurnace committee felt there were too many bills numerically to cope with. The fact that some of the bills contained sections covering various types of insurance made them more difficult to explain in the legislature, but the department-agent cooperation was helpful in getting the measures across.

Heins Looks At Regulation In 1980

(CONTINUED FROM PAGE 30)

structure of regulation won't be able to continue unaltered.

One question that rises from the present situation in the business is whether competition is getting beyond the realm of safety. If the companies are threatened as to solvency, so is the public interest, he said. Rates have to be watched over as to adequacy as well as inadequacy. The idea of no prior approval is somewhat weak on the score of seeing to adequacy, he opined.

Electronic machines are revolutionizing insurance operations in the home office, but they are a challenge to regulation too, Mr. Heins said. New checks and procedures are needed to see not only how but what companies are doing as they run their business on a magnetic tape.

In 1980, he said regulation will depend a good deal on how the present problems are solved. State regulation could be eroded by its failure to take charge and hold its position. The present dual system of regulation, in which the federal government plays a very minor part, could be enlarged to as much as a 50-50 proposition. This would be an additional burden on the insurance operation.

Mr. Heins said that in any event some areas, such as interstate operations and foreign operations of insurance companies, seem destined for more federal regulation.

Complete federal regulation seems unlikely by 1980. In Mr. Heins view the most liekly source, if there is a source, for promoting the federal cause would be some segment of the business that under the stress of competition would feel that federal regulation would offer it better opportunity. There is no pressure from the public for federal regulation, Mr. Heins said. The Senate subcommitte hearings demonstrated that.

However, the companies and even the public could get exercised about federal regulation if the states don't reduce red tape. He said there is a need for greater uniformity between the states, especially as machine processing develops.

Full Program Is Announced For Ohio Agents' Rally

A record attendance is expected for the 64th annual meeting of Ohio Assn. of Insurance Agents in Columbus, Oct. 22-24 at the Deshler Hilton Hotel. Nationally known agents from New Hampshire, New York, Pennsylvania, California, Iowa, and Ohio will be speakers. The theme is "The Agent Is the Big Difference."

Guests for the luncheon on Oct. 23 will include Ohio Gov. DiSalle; J. Grant Keys, Ohio Director of Highway Safety; Edward A. Stowell, former superintendent of insurance and now executive assistant to Gov. DiSalle; and Robert L. Mullins, acting superintendent.

Mr. Keys will also be the speaker at the young agents breakfast on Monday, where he will discuss "The Insurance Agent's Responsibility in Highway Safety—A Social Problem of Today."

H. H. Nelson of Council Bluffs, Ia., a member of the executive committee of the national association, and Robert E. Battles, Los Angeles, past president of NAIA, will be speakers at the Monday luncheon session.

Archie Slawsby of Nashua, N. H., also a past president of NAIA, will open the convention with the first public explanation of his new agency operation, which includes closed circuit TV and a control system for his fleet of cars.

Additional speakers include: Arthur F. Blum, Rockaway Park, N. Y., and Eugene A. Toale, secretary Recording & Statistical Corp., who have been pioneers in the field of automated agency accounting; Morton V. V. White of Allentown, Pa., chairman of the NAIA special committee on federal affairs; Robert L. Cook, Martins Ferry, Ohio, member of the NAIA agency management committee and former trustee and treasurer of the Ohio association, who will discuss the importance of the impression the agencies are making with their clients; Adolph E. DiCresce of Akron, a former leading auto producer for Nationwide Mutual and now an independent agent; S. H. Lance, Medina, who has won national recognition for his advertising program; George F. Renkert, Columbus, a former company representative who recently joined an agency and will speak on "Young Blood for Your Agency;" Gilbert D. Steward, sales manager, at Cleveland of Hartford Life, who has wide experience with the advantages of adding life business to fire and casualty agencies.

The rural agents breakfast will be held Tuesday, with James A. Ward, farm manager Ohio Farmers, discussing "The Farmowners Policy—How Much Liability?" An additional session for this group is planned for Monday afternoon, with a panel of company and state experts on workmen's compensation for the farmer.

The Ohio association plans to "kick off" its 1962 national ad campaign at the convention and has named Robert F. Seiter of Xenia to head up the drive.

Company representatives who have served as instructors for the successful 1961 Ohio institute schools for agents and their employes will be publicly recognized Monday afternoon.

Defendants Draw Even

Cook County Jury Verdict Reporter, summarizing personal injury decisions in the Chicago courts during the week of Oct. 6, reports seven verdicts favoring plaintiffs and nine favoring defendants, the seven plaintiffs receiving damage awards totaling $23,100.

Of the $23,100 given to the successful plaintiffs, $15,000 went to an attorney who slipped on a piece of damp string while descending some stairs in the Central Safety Depsoit Co. This left $8,100 for the other six winners.

Since the Chicago courts resumed on Sept. 1, plaintiffs have won 26 decisions, defendants 26, and three juries have been deadlocked. The 26 successful plaintiffs have been awarded total damages of $327,353 which compares with a demand of $405,239 and an offering by defendants in these cases of $182,900.

Program Beats Competition Of World Series

(CONTINUED FROM PAGE 30)

on finding means of permitting premium financing and physical damage insurance on drivers in the automobile assigned risk plan.

Not only were the Wisconsin agents winners on all counts in the state legislature this year, the number of insurance bills enacted was record 32, two or three of them of exceptional length. A panel headed by Commissioner Manson went into some of the background of the new legislation, at the same time giving a large amount of credit to Paul Mast, the association's executive secretary, as an outstanding lobbyist.

The Wisconsin meeting ran from Tuesday noon to Thursday noon. The program was so full that the agents were kept occupied constantly. For relaxation, a representative number of companies maintained hospitality suites and there was an opportunity to peek at the World Series on television during the lunch hour, Wisconsin having changed its time Sept. 30 so that the series began at 11:30 a.m.

List Tuesday Speakers

On Tuesday afternoon the speakers were Gordon Nereim, vice-president Performance Incentives Corp. of Chicago; Roy A. Duffus, Rochester, N. Y., agent and Walter G. Dithmer, regional director at Chicago of Insurance Information Institute.

Aside from a background description of III, Mr. Dithmer's message had to do with improving company-agent relations. He noted that the challenge to improve relations between insurers and the buying public is an enormous one, but the task is more difficult because of the gulf of misunderstanding that has appeared between the companies and their agents. Nothing is gained and much is lost in this family name-calling that has sprung up recently, he declared.

Differences of opinion have to be expected, but the means with which they are being resolved currently are not encouraging. He suggested more use of the conference table, reminding the agents that the decisions as to direct billing, continuous policies and commissions will be made eventually by the public and not the companies or their producers.

Public squabbling within the business "smears the image of insurance," Mr. Dithmer pointed out. Such things as agent protests of bureau filings are not good. He mentioned a case in which

agents reacted violently to an automobile filing after it had been approved and the department withdrew approval. The inference the public received from this was that the companies had attempted to slip something over. In another state the agents protested the safe driver plan but the department approved it and the agents found themselves in the position of having to sell something they had gone on record as opposing.

Two Reputations On Trial

The crux of the matter is not to hold family fights in public because the reputation of both parties goes on trial, Mr. Dithmer said. And, he concluded, it is impossible to win battles in the public print.

Mr. Nereim's message had to do with building 'people power' by means of an enlightened outlook, and building 'personal power' in a like manner. He offered rules to follow in achieving these ends. Mr. Nereim was the opening speaker and he got the convention off to a rousing start.

Mr. Duffus, an old hand at convention speaking, confessed to more than 1,000 appearances before agent associations in 37 states. His theme is how to run an agency efficiently, and he has accumulated suggestions and ideas that he throws out in a fast-moving and consistently interesting pattern. He is on the circuit despite having suffered in the past from an ulcer and, more recently, from a coronary. The only change this makes is that he can't give his talk all at once. Mr. Dithmer came on for his appearance while Mr. Duffus recovered his breath, and to conclude his talk Mr. Duffus showed slides of his agency and features of it that are designed to improve efficiency or promote customer relations.

Disappointing Turnout

The one disappointment to the Wisconsin leaders during the convention was the turnout for the local board dinner Tuesday evening. Valmore Forcier, advertising coordinator of NAIA, was the speaker. There were six empty tables in the room and several vacant seats at the head table. Mr. Forcier addressed a group of only 35, but he is such a believer in the message on advertising that he gave a fire-eating speech that aroused a good deal of enthusiasm. It was learned shortly before dinner that Commissioner Harry E. McClain of Indiana would be unable to attend the convention and address the luncheon Wednesday, so Mr. Forcier was immediately requested to take that duty. He gave the same talk the next day to several hundred persons and made his point. Wisconsin has failed ever since the Big I advertising campaign started to meet its quota, but the outlook for 1962 is better than it has ever been.

Presidential Address

On Wednesday morning the session consisted of a talk by Clifford Reckling, editor of the Weekly Underwriter, a panel on insurance legislation, and reports from the officers, the highlight of which was the presidential address of Donald Doherty that included some carefully prepared opinions on current issues.

Mr. Reckling urged a common-sense approach to insurance problems of company-agent relations. The agent's job is selling, and Mr. Reckling suggested that the way to a position of strength is to do such a good job in sales that the agent is indispensable. The company is supposed to provide a competitive policy that allows a fair profit to accrue to the agent and the insurer.

Mr. Reckling said he could see no magic answer to the solution of problems beyond that of cooperation. Neither the companies nor the agents can expect to run the whole show. The companies can't make every decision as to what's good for agents, while agents, on the other hand, have to give innovations a fair trial. He said the meeting in Washington of agents and company leaders was a good sign. It may be repeated in December.

React To Competition

The companies, he explained, are reacting to a serious competitive situation. Many things they do are not popular, but when something is done that agents like it would be a welcome change if the favorable reactions were made generally known.

William A. Gottsacker, Sheboygan, gave the report for Arthur R. Moss, Beloit, the state director, reviewing briefly some of the things that took place at the NAIA meeting at Dallas. The principal matter was the National Bureau fleet plan which has been rejected in Wisconsin. This is an academic question, therefore, for Wisconsin agents. Mr. Gottsacker said he fears the fleet plan approach will spread to other lines and that many agents will be adversely affected.

The safe driver auto plan is filed in Wisconsin but has not yet been approved. It appears to help promote safe driving through a realization of its effect on the rate structure, he said.

Mr. Gottsacker observed that the Kefauver report was summarized at Dallas by the headquarters staff and that NAIA opposes adoption of the no prior approval rating approach. The NAIC and the NAIA believe that the conclusions in the Kefauver report that call for no prior approval are without foundation.

In the afternoon there were simultaneous workshop sessions for large lines and small lines agents, and each workshop session was run twice, so there was an opportunity for attendance at both. Each of the sessions on one of the runs had excellent attendance.

List Final Speakers

Talks at the final session were given by Richard M. Heins, professor of insurance at the University of Wisconsin; John L. Morgen systems representative at Milwaukee of Remington Rand, and Calvin D. Johnson, executive assistant to the president of Remington Rand whose address was titled "A Forward Look in America." Mr. Morgen talked on office filing, indexing, etc.

William Norris of the Milwaukee Sentinel was presented a plaque at the final session for the editorial support his paper had given to the use of automobile seat belts. A law making seat belts compulsory has been adopted in Wisconsin.

The chairman of the nominating committee was Tony Knott of Marshfield, and the resolutions committee was headed by John J. Batenburg of Racine, a past president.

The new president, J. W. S. Gallagher of Madison, was general chairman of the convention, and the Milwaukee chairman was Ralph Babcock.

Harvey Joins Irland & Co.

Thomas F. Harvey has joined John E. Irland & Co., Chicago correspondents of London Lloyd's. He has been inland marine and multiple-line supervising underwriter for the central western territory of Royal-Globe. Mr. Harvey joined Royal-Globe in 1948 in the New York inland marine department. In 1954 he was transferred to Chicago and in 1959 was named supervising underwriter.

Scibal Adjustment Bureau of Atlantic City, N. J., has opened its seventh office in the state—at 175 Market Street, Paterson. Richard E. Lewis, formerly of Fireman's Fund, has been appointed manager.